# Technical Report: Impact of Proposed Regional Customs Bond Guarantee Scheme on Business in Zambia

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## *Executive Summary*

*Background*

A number of inter-related trade facilitation initiatives are currently under way in sub-Saharan Africa. The overall objectives are to improve the region's competitiveness through enhanced trade efficiency, leading to higher living standards.

In the Customs sector, these initiatives have focused on the rationalisation, regional harmonisation and automation of Customs procedures, documents and data, in order to improve the trading environment for importers and exporters and to allow their goods to move more rapidly through official controls.

A number of bottlenecks have been identified at border crossings. In order to improve the flow of imports and exports in the region, it is essential that mechanisms are developed to ensure the speedy, cost-effective and safe transport of goods between countries in the region, and into and out of the region as a whole.

Infrastructural developments must be supplemented by harmonized controls to improve the speed of border crossings whilst retaining effective Customs control.

*Customs Transit – National and Regional*

The countries in the region and presently improving their control of transit traffic at national level; that is, goods moving duty-free but under Customs control from one border to another or from the border to an inland point of clearance.

There are a number of long-standing proposals to link these national initiatives into an efficient *regional* transit system, whereby goods would be permitted to move across borders with minimum interference and maximum speed. The intention is to facilitate transit movements on all transit routes in the region, regardless of how many countries are traversed by the goods themselves.

*The RCBG Agreement*

The Zambian Government as a member of COMESA and signatory to the COMESA Protocol on Transit Trade and Transit Facilitation and the COMESA Regional Customs Bond Guarantee (RCBG) Agreement is expected to ratify the RCBG Agreement; this would allow a single Customs bond and common Customs declaration to be used to cover the movement of goods travelling under transit arrangements in the region. The bond serves as a safety net for Customs, to be called upon in the event that the goods are diverted into home markets without the payment of the Customs duties and taxes due on the consignment. This COMESA regional Customs transit bond is referred to as the Regional Customs Bond Guarantee (RCBG).

In addition, Zambia is also a member of SADC and signatory to the SADC Trade Protocol. The SADC Bond Guarantee (SADC BG) will be implemented along designated corridors. The Scheme provides for flexibility to an importer to either opt for one single transit document for a shipment or multiple transit documents for a single shipment.

The objective of both schemes is to reduce delays at borders, by removing the need and expense for traders to take out a different Customs transit bond in each country of transit and destination though the SADC Bond Guarantee leaves open the choice for a single bond or several bonds to the importer.

The Zambia Revenue Authority (ZRA) is responsible for implementing the RCBG Agreement. A number of objections have been received from the clearing agents responsible for supplying transit bonds at borders. They fear the trade imbalance of imports arriving under transit into or through Zambia over exports under transit from Zambia would lead to a loss of business, and might lead to a loss of employment in their industry

*Findings*

The findings of the missions were broadly that:

- Clearing agents did indeed face the risk of loss of business under the RCBG Agreement; the risk, however, was not as great as they feared.
- The worst effects of the RCBG Agreement on clearing agents could be mitigated by a series of actions the ZRA could take;
- The overall economic case is broadly in favour of a RCBG Agreement;
- The ZRA should look critically at the RCBG system as proposed, and consider carefully whether it fulfils their requirements in terms of workability, simplification and the safeguard of national revenues.
- Government should take into account the fact that SADC is also proposing a RCBG whose implementation modalities will be different from the COMESA RCBG though both schemes have the same objective.
- That both SADC and COMESA are moving towards a FTA area and eventually establishing a Customs union though with different time frames

*Conclusion and Recommendations*

Regional initiatives such as the RCBG Agreement act as a complement to other Customs and transport initiatives in the region, notably the World Bank's Sub-Saharan Africa Transport Policy program. The overall policy of facilitating regional Customs transit movements requires sound practicalities of implementation.

However, the choice to be made by the ZRA does not concern only these questions, or the technical advantages or disadvantages of the RCGB; the vital underlying issue is that of the basic transit system that will operate in the region. Although the terms of reference did not require this question to be addressed directly, it has a bearing on the narrower questions that have been posed. If Zambia were to opt for the RCGB, there is no guarantee that this system would emerge as the ultimately dominant transit system in the region. Indeed the contrary is probably true; it would therefore be prudent to consider the optimal long term solution for Zambia and the region, in order to fix a target that would bring the greatest trade facilitation benefit to both Zambia and the region.

This mission concludes that although a Regional Customs Bond Guarantee Scheme is good for Zambia, there are crucial decisions that will need careful consideration as stated in the sections 7 and 9 of the report.

## *1. Background & Purpose*

The COMESA Regional Customs Bond Guarantee (RCBG) Agreement was introduced in line with the COMESA Treaty and the COMESA Protocol on Transit Trade and Transit Facilitation, with a view to facilitating the flow of transit trade and traffic amongst member states. The overall objectives are to:

- Accelerate the movement of transit traffic in the region, to the economic benefit of the sub-region as a whole;
- Reduce transit costs incurred by transporters, importers and exporters, consequently lowering the cost of imports and the price of exports;
- Reduce the amount of collateral tied up in Customs transit bonds; and
- Streamline and harmonize intra-COMESA Customs transit documents, controls and procedures.

The specific objectives are to:

- Provide ready access to regional transit guarantees by reliable, approved sureties;
- Implement a simple method of monitoring the level of transit guarantees at national and regional level;
- Provide sufficient cover for the duties and taxes at risk whilst being transported under transit arrangements in participating member states;
- Reduce the administrative barriers for importers and exporters in the region;
- Reduce the burden on freight forwarders and clearing agents of posting guarantees;
- Making available a system that gives freight forwarders and clearing agents adequate control over transit shipments through multiple countries;
- Improve the collection by national governments of Customs duties and taxes due on imports and exports in the region.

Although the Heads of State and Government signed the Regional Customs Bond Guarantee Agreement in 1990, its implementation was deferred until the modalities of implementation, and the legal and technical instruments of the Scheme were worked out and stakeholders' issues and concerns addressed. A minimum number of nine states had to ratify the scheme before it is operationalised.

So far seven countries have ratified the scheme, and two more countries are still to ratify, and once these two ratify, implementation of the RCBG will commence. One of the countries still to ratify the RCBG is Zambia. The delay by Zambia was due to the need to first of all assess and quantify the impact of the RCBG on business; taking into consideration the concerns raised by some private sector stakeholders on possible job losses. The Zambian Authorities then requested technical assistance from the Southern Africa Trade Hub to carry out a study and make recommendations on ways of implementing the RCBG, taking into consideration the assessed impact on business.

The purpose of this trip was therefore to assess and quantify the impact of the RCBG on Clearing Agents, Customs Bond Providers (Banking and Insurance Institutions), and make recommendations which will assist Zambian Authorities to make an informed decision on the way forward.

## 1. Terms of Reference

The terms of reference for the mission were are follows:

- Assess and quantify the impact of the transit bond on Clearing Agents, Banking and Insurance Companies and on business in General;

- Recommend ways of implementing an international transit bond, taking into consideration the assessed impact on business; and

- Produce a paper which informs Zambian Authorities of the process of implementation of the RCBG.

## 2. Problem Statement

One of the fundamental logics behind Zambia's involvement in international trade is to increase economic development and, by so doing increase the welfare of the country. Trade facilitation is about increasing the economic growth for countries and their companies by reducing cumbersome unnecessary bureaucratic demands and procedures, resulting in increased economic efficiency, better security, faster delivery of goods, and reduced costs. The importance of trade facilitation to a landlocked country like Zambia cannot be over-stated. Customs transit is a major trade facilitation instrument. Cost effective, reliable and simple transit trade facilitation instruments must be readily available to all clearing agents operating in Zambia, and must also be made available to transit operators in the Sub-Saharan Africa (SSA) region as a whole.

When goods enter a country/territory, Customs will demand payment of import duties and other charges and, where appropriate, apply commercial policy measures (for example anti-dumping duties). This is the case even where the goods are only meant to pass through (to transit) that country/territory on their way to another. Under certain conditions the taxes and charges paid may be reimbursed when the goods leave that country/territory. In the next country/territory this procedure may have to be repeated. The goods may have to undergo a series of administrative procedures at border crossings before reaching their final destination.

Transit is a Customs facility available to operators who move goods across borders or territories without paying the charges due in principle when the goods enter (or leave) the territory thus requiring only one (final) Customs formality. Compared to the situation described in the first paragraph, it offers an administratively simple and cost advantageous procedure to carry goods across Customs territories. Transit is particularly relevant to regions pursuing economic integration, especially where a single Customs territory using a Common External Tariff is combined with a multiplicity of fiscal territories: goods can move under transit from their point of entry in a country to the point of their clearance where, after transit has ended, the Customs and the local fiscal obligations are taken care of and the goods enter into consumption or another suspense procedure is started. Also a suspense procedure can be ended by placing the goods under transit, for example for re-exportation of goods in bonded warehouses out of the region.

Control of transit movements in the COMESA region is currently the responsibility of national Customs authorities. Each country in the COMESA region currently requires a separate, national transit bond or guarantee to protect the Customs duties and taxes at risk whilst goods are in transit by road through their national territory. At present, the liability of these bonds begins at the entry point of the goods into their jurisdiction and ends at the national exit point. This is a cumbersome and expensive system, which contributes to delays at entry and exit points. The situation is further exacerbated by the lack of harmonization of Customs transit documents in the region, so that a different Customs form must be completed at each international border.

The proposed RCBG scheme is designed to reduce these delays and expenses, to the benefit of economic activity in the region as a whole. Under the proposals, a single Customs transit bond would be allowed to cover the Customs duties and taxes at risk from the original country of departure in the region, and would cover the goods as they are transported across all the countries of transit until final destination. This transit movement may involve typically three or four countries, for example South Africa – Zimbabwe – Zambia – Democratic Republic of Congo (DRC).

The intention is also for a single Customs transit declaration form to be completed for the whole international transit movement, copies of which would be accepted by Customs authorities in each country of transit. This document is the COMESA Customs Document, or COMESA CD. Once the system is implemented, there would be no need for a fresh Customs transit bond and declaration at regional borders. This would reduce, but not eliminate delays as there are other controls at borders such as immigration, weigh bridges, road user charges etc.

For certain sectors of the transit business in Zambia such as the clearing agents, the perceived problem with these proposals is that Zambia receives far more in the way of transit traffic than it initiates. They see a threat to the profitable business they currently perform of providing transit bond cover to their clients and submitting Customs transit declaration documents on their behalf. The reason for this is that, due to the alleged trade imbalance in Zambia of imports over exports, clearing agents in neighbouring countries would be making increased profits from the 'through bond' and regional Customs declaration documents, leaving the Zambian clearing agents without adequate business from the projected smaller amount of transit traffic that would start from Zambia for transit across other countries in the region and eventual consumption there or for export to countries outside the region.

COMESA has proposed that the RCBG system should be widened to non-COMESA countries, namely Tanzania and Mozambique. These two countries however belong to SADC, which is also working on introducing a SADC Bond Guarantee Scheme. The SADC Bond has been proposed for implementation along designated corridors to which these two countries belong. A complication may arise because these two proposed Regional Schemes have different implementation modalities though the objective is the same. This could have a negative effect on Zambian businesses and an even greater impact on clearing agent. This is because most RIT transit movements originating in these countries and being transported via Zambia by means of the Dar, Beira or Maputo transit corridors would be declared at origin of the transit movement. Currently these transit declarations are made in Zambia. However all Tanzanian exports transiting through Zambia to Democratic Republic of Zambia would continue to be captured by Zambian clearing agents.

During the mission transit statistics, economic and financial data were collected with a view to separating fact from fiction, in order to arrive at an objective assessment of the genuine impact on the Zambian economy as a whole of the bond scheme. This data is set out in more detail later in this report.

The overall rationale for trade facilitation is of course that the wider economic gains from trade facilitation measures such as the RCBG outweigh the short-term negative impact of the measures on specific sectors of the economy. It may be, for example, that as Zambia's export trade is stimulated by trade liberalization in general (and by facilitation under the RCBG in particular) the losses incurred by clearing agents will turn into gains. Further, any temporary losses in employment caused by the RCGB could also be absorbed by increased economic activity in other sectors.

## *3. Locations and Dates of Meetings*

Lusaka, Zambia: June 14 – 21, 2005

Chirundu, Zambia, June 18, 2005

Pretoria, South Africa: June 22 – 24, 2005

## *4. Methodology*

The methodology of the mission was to:

a) Collect background data and information on the planned operation of the RCBG and its impact;

b) Meet key public and private sector stakeholders, discuss with them the issues that would impact negatively or positively on their operations; and

c) Obtain statistical and financial data to assist in the quantification of the impact on their current business.

Annex A shows a list of persons met and meetings held in Zambia and South Africa.

## *5. Transit Bond Procedures*

### 5.1. Current Transit Bond Procedures

The Zambia Revenue Authority, Customs Division has procedures to facilitate the clearance of transit goods whether commercial or private in order to counter the possibilities of such goods not reaching the declared port of exit (for removal in transit) or for goods whose final clearance is made at an inland location within Zambia (removal in bond).

Freight forwarders, clearing agents and transporters engaging in Customs transit declarations and the provision of transit bonds in Zambia must be registered specifically to carry out transit-related services. These businesses must lodge transit bonds with ZRA to a sufficient value to cover the duties and taxes at risk during the transport of the goods under transit in Zambia.

There are two basic transit regimes, called RIT and RIB. The RIT (removal in transit) regime allows goods to be transported across Zambia from a Customs office of entry to an office of exit. The RIB (removal in bond) procedure covers goods that arrive at a Zambian border for clearance at an inland location in Zambia.

Freight forwarders must obtain a transit guarantee (or ‘Customs transit bond’) from a recognized financial institution, either a commercial bank or an insurance company. The minimum bond value for either RIT or RIB is K100, 000, 000 (US$21,300). However, agents may offer more depending on the amount of transactions they handle. Once a bond is submitted to ZRA for purposes of being security to the Customs Division, it is configured on to the ASYCUDA systems for the Customs ports where the agent will be transacting. Authorization for such guarantees can only be granted by ZRA HQ office in Lusaka.

Guarantees are allocated to each Customs office of departure for transit, i.e. the office of arrival (or entry) of the goods into Zambia, where the transit procedure will start. If the freight forwarder's guarantee is insufficient for a particular consignment, it is possible to make a cash deposit to cover the Customs duties and taxes at risk, although this deposit is only refundable at the Customs office where the deposit was made.

The transit regime has been automated under the ASYCUDA++ transit module, using the ZRA's VSAT telecommunications network. Under this system, an electronic transit declaration is made to Customs, where the duty and taxes at risk are calculated and notionally deducted from the bond-holder's account. Once the goods reach their destination and Customs are satisfied with their controls, a message is transmitted from the office of destination to the office of departure. This has the effect of re-instating the amount deducted from the guarantee.

For goods destined to Zambia, the extra costs of these delays and cumbersome procedures are naturally passed to the importer in Zambia, with an inevitable detrimental effect on economic efficiency. For goods transiting through Zambia, these costs are of course added to the costs of doing business in the region.

Annex B of this report describes the existing Zambian transit routes While annex D shows a map of the location of Zambian transit offices of entry along with an overview on the next page showing the main regional transit routes serving Zambia.

## 5.2. COMESA RCBG

### Basic Outline of the System

Under the COMESA RCBG scheme, a single, paper-based transit declaration and regional Customs bond will be submitted to Customs in the office of departure, to cover the movement of goods travelling within and between COMESA countries under Customs transit procedures. The transit declaration document will be the COMESA Customs Declaration, or COMESA CD. The regional transit bond (RCBG) will be available in all participating countries from a number of approved primary sureties such as commercial banks or insurance companies. These primary sureties will be supervised by a national surety, consisting of a committee of interested financial institutions. The financial institutions will effectively offer a credit facility to the trade. It is intended to pool the profits regionally, and distribute them to primary sureties in proportion to their participation in the scheme.

There are plans to allow concessions to bona-fide traders who use the system properly over longer periods of time without making dubious claims.

### RCBG Customs Clearance Procedures

From an initial inspection of the planned procedures for clearance into the RCBG regime at the office of departure, the declarant will need to submit the following documents to Customs, in addition to the vehicle and the goods:

- COMESA Customs Document (COMESA CD), with extra copies for the countries of transit and destination;

- The COMESA Carnet (certificate of guarantee), consisting of a book of vouchers for each office of entry and exit en route, and matching counterfoils;
- Accompanying documents (bills of lading, pro-forma invoices, load lists etc).

Once Customs at the office of departure have completed their documentary checks and carried out any necessary physical examinations of the goods, the truck will depart for its destination via a point of exit from the country of departure. Customs at the office of departure will retain a copy of the COMESA CD and a tear-off voucher or foil from the COMESA carnet. The driver will retain the carnet counterfoils. Once the goods have arrived at the exit point, the driver will present the CD and carnet to Customs, who will make documentary and physical checks as necessary. If satisfied, Customs will retain a copy of the CD, tear off a voucher from the carnet and return it to the office of departure for matching. The transaction is regarded as acquitted once the goods have been received by Customs at the final office of destination.

This procedure is repeated until the goods reach their destination. The book of counterfoils is subsequently returned to the primary surety by the carrier

There are plans to upgrade the electronic Customs declaration and bond control facilities currently available under the ASYCUDA++ transit module, which handles national transactions only, to cater for the regional dimension. This solution may take some time to develop, test and implement.

## 5.3 THE SADC PROPOSED REGIONAL CUSTOMS TRANSIT BOND GUARANTEE CONVENTION

**Basic Outline of the System**

Under the SADC Secretariat proposed RCBG, a single, paper-based transit declaration and regional Customs bond will be submitted to Customs in the office of departure, to cover the movement of goods travelling within and between the concerned SADC countries under Customs transit procedures. The SADC region will establish a SADC Customs Regional Transit Guarantee Chain Mechanism for regional transit regime. This Mechanism shall consist of a chain of national bodies responsible for guaranteeing the payment of duties, taxes and other impositions incurred in the territory of the State Party transited within the framework of the regional transit regime. The designated national bodies and their correspondents shall be linked to one another by an agreement which shall be defining the obligations between them. Each designated correspondent shall represent the guarantor in its relations with the competent authority in the territory of the State Party of the correspondent.

Clearance Procedures[1]

The Draft Southern African Development Community Regional Customs Transit Bond Guarantee Convention, states that:

[1] The draft document from which this information has been extracted is still under discussion by the SADC Customs Authorities and yet to be finalized.

- A Customs regional transit guarantee, shall be registered with a customs office of guarantee,
- The office of guarantee shall determine the amount of the guarantee, accept the surety's undertaking and issue a certificate of guarantee permitting the principal to carry out, any SADC transit in the Member States,
- A principal may be accorded a concession upon accreditation and agreement by the involved Member States on the percentage of the bond cover to be applied
- Each person who has obtained a certificate of guarantee shall, subject to the conditions laid down by Customs Authorities in the countries concerned, be issued with one or more copies of a certificate of guarantee
- The Customs regional transit guarantee shall either be general, covering a number of customs transit operations, or particular, for a single customs transit operation.

# *6. Mission Findings*

## 6.1. Overview of Zambian Economic Environment

### The International and African Context

The past decade's world-wide emphasis on trade liberalization and export orientation has led to phenomenal growth in world merchandise trade, which has consistently grown faster than output. Africa has also seen an increase in its trade relative to gross domestic product (GDP). However, on the whole, Africa's share of world trade has declined. This phenomenon has as much to do with the structure of international trade as with the composition of Africa's merchandise trade, the trade policies applied on the continent in the past 20 years, market access, and agricultural policies in industrial countries. Africa's difficulties are attributed to its inability to overcome structural constraints and modernize its agricultural sector, *combined with the high cost of trading*, as well as low investment in the agriculture sector resulting in it being unable to increase agricultural productivity.

As a result, Africa has lost its competitive advantage in producing cocoa, tea and coffee compared to the new and more efficient producers in Asia and Latin America. Moreover, the loss of market shares for cotton and sugar is largely due to high subsidies and domestic support for less competitive producers in the US and EU.

However, since Zambia embarked on its structural adjustment programme in late 1991, much has been accomplished. The economy has been liberalized and the macroeconomic situation has improved. The key economic objectives of the government are to strengthen macroeconomic stabilisation efforts while advancing structural reforms in order to restore economic growth. Government aims to achieve macroeconomic stability and accelerate growth whilst substantially increasing spending on poverty related issues.

The Zambian government has introduced a number of market oriented policies, with the aim to become integrated into the world economy. Trade liberation and deregulation programs have been pursued to eliminate major market distortions. Trade Policy has aimed at creating a competitive and productive economy driven by private sector initiative. Private sector emphasis has remained key to improving the economy and the Zambia. The emphasis in its trade policy is to encourage export diversification in order to move away from copper dependence, which has always dominated the economy. The trade reforms have transformed Zambia into one of the most open in the sub-region.

From 2000, in response to the reforms, Zambia's average GDP growth has averaged 3.8% per annum, with all sectors, including mining, registering positive growth, and per capita GDP growth has been 1.8% per annum over these past four years. These are modest achievements by international standards but significant in that this is the first time since the years after independence that Zambia has experienced four consecutive years of positive per-capita GDP growth.

On the other hand, however, the economy has continued to experience a modest recovery. The general perception in Zambia is that the reforms have not brought about the increase in well being that was promised and hence expected. Privatization has had mixed results in Zambia mainly due to the problems with the implementation process. The current administration has shown signs of not willing to press ahead with privatization of remaining parastals as a result of lessons of experience.

Government continues to struggle with accountability for public resources and inability to effectively deliver services. The prospects for rapid and sustained economic growth of Zambia's economy will depend in the short-run on Government's ability to successfully rebalance and regain control over its macroeconomic policies, in particular fiscal policy, while the medium-term prospects critically depend on the extent, mix and pace of structural reforms. The continued goal for Zambia's macroeconomic policy is to stabilize the economy as well as achieve sustainable growth and poverty reduction.

In addition government has been struggling with unemployment. A Government–run survey conducted in 2003 indicated that there were some four (4) million people in the labour force, an overall unemployment rate of 11 percent and the employment rate in Zambia, among working age people, was 70 per cent.

**Trade Policy and Trading Partners**

Zambia is a landlocked least developed country covering a surface area of about 752, 600 square kilometres. Zambia is surrounded by eight countries who are either members of SADC or COMESA namely Angola, Botswana, Democratic Republic of Congo, Malawi, Namibia, Mozambique, Tanzania and Zimbabwe.

The promotion of trade is vital to Zambia in her efforts to find markets for her products. Zambia is a signatory to the WTO, SADC and COMESA trading arrangements and several bilateral trade agreements. However, its membership in overlapping preferential arrangements makes its trade regime more complex and difficult to manage. Moreover, the reforms are yet to show their full effects because of Zambia's continued dependence on copper (an industry in difficulties for several years) despite its diversification efforts, and its poor macroeconomic performance.

Despite the substantial liberalization of Zambia's trade regime, poor performance by the mining and quarrying sector, and financial difficulties, including depletion of international reserves, have contributed to a decline in the share of its merchandise trade in its GDP from some 62% in 1995 to below 54% in 2000 although an increase to 59% was estimated for 2001. The main imports include machinery, crude oil, chemicals, iron, steel, textiles, and vehicles. Maize is imported according to weather-related needs.

Copper and its by-product cobalt still dominate merchandise exports (around two thirds of the total value). The share of non-traditional exports increased from around one fourth in 1996 to about one third in recent years. This was due to falls in metal exports, and to the good performance of horticultural and floricultural products, processed foods, cotton, tobacco, and sugar.

In general, Zambia's export markets are more diversified than the sources of its imports. South Africa is the main supplier of imports, followed by Zimbabwe, while Japan is the major destination of Zambian exports, followed by Saudi Arabia, Thailand, and India. Zambia is a net importer of services, with increasing deficits on the services account largely attributable to high transportation costs.

## 6.2. Impact of the RCBG on the Main Stakeholders

### 6.2.1. The Clearing and Forwarding Agents

Freight forwarders and clearing agents engaging in clearing goods in Zambia must be registered with the Customs and Excise Division; specifically to carry out transit-related services namely removal in transit (RIT) and removal in bond (RIB), these agents also need to lodge bonds or guarantees with the Customs Division. The licenses are valid for one year.

In 2005, approximately one hundred and ninety-six (196) Customs clearing agents were registered with annual licenses; out of this figure only sixty (60), or 30% dealt with RITs and RIBs[2]. There was a total 72 agents with Customs bonds operating at the end of 2004, so the assumption must be that 12 are currently inactive and currently not registered under 2005 licenses[3].

Transit traffic between South Africa and DRC is lucrative business for clearing agents though some of the smaller agents tend to regard transit traffic as high-risk business.

This group of businesses will be the most affected by the proposals made under the RCBG. If the imbalance in Zambia’s inward /and outward trade is, *and continues to be* extreme, this sector will lose a lucrative element of work from the provision of transit bonds, and unemployment may result. Zambian clearing agents differ from their counterparts elsewhere (for example in South Africa) in that a disproportionate element of their charge to the client is made up of the provision of a transit bond.

The number of staff at risk was estimated by looking at how many staff is employed on Customs clearing work, and then estimating the percentage of the companies’ turnover that relates to transit clearing and transit bond activity. The number of people employed in Customs clearing work (as distinct from support functions, though these may be adversely affected also) is 843, of whom 251 work at ports where RIT and RIB bonds are authorised. If 60% of clearing agents are at risk from the introduction of the RCBG (using figures supplied by ZCFFA and ZAFFA, and some large clearing agents), the maximum potential loss in employment is reasonably severe. More details are given later in this report.

This is the worst-case scenario, though it does go some way to explaining the stiff resistance the clearing agents are putting up to the scheme. In reality these figures would be reduced by some additional work required in issuing regional transit bonds for Zambian exports, though the profitability of such work is not clear at this stage.

[2] List of Approved Customs Clearing Agents for 2005 licenses.

[3] Document provided by ZRA showing clearing agents handling Removals in Bond and Removals in Transit with dates of execution of bonds ranging from 2002 to first quarter of 2005

The estimated financial losses to the industry have been arrived at by collecting the total number of declarations likely to be lost and multiplying this by the average transaction price. These losses will be counterbalanced to some degree by additional revenue earned from exports leaving Zambia under an RCBG bond. These calculations are made later in this report.

### *Zambia Clearing and Forwarding Agents Association (ZCFFA)*

This association has 32 members out of a total of 196 ZRA-approved Customs clearing agents. Of these 32, nineteen (19) are handling RIBs and RITs.[4] Membership consists of the larger companies and most of them have international linkages. For example, one company visited by the mission, Manica, has offices in most of the countries of the sub-region, and is part of a world-wide group. These companies perform high-volumes of clearances for all Customs regimes, and generally enjoy maximum facilitation available from ZRA. Specifically, this facilitation takes the form, among others, of:

- Direct trader input (DTI) allowing the electronic submission of Customs declarations from their offices; and
- Accounting for Customs duties and taxes by means of a monthly account, thus avoiding the necessity of paying for each transaction separately.

Those ZCFFA members with international linkages could be expected to have the most to gain from the RCBG proposals. This is because their associated companies in neighbouring countries would be in a position to take out the ‘through transit bond’ and make the single Customs transit declaration, charging an appropriate price. This would benefit the company as a whole in the region. However, the specific impact on the Zambian operations of these companies would be negative if the trade flows showed the imbalance reported by ZCFFA of about 9 to 1, that is nine transactions arriving for import into or transit through Zambia compared to exports and transit movements starting in Zambia destined elsewhere in the region or world-wide.

This figure is not however supported by the data collected during the mission. For example some large clearing agents report the balance of the traffic in international trade at around 70% for south to north and 30% for north to south movements. Statistics collected from the Zambia Revenue Authority (ZRA) show that in 2004 the number of import declarations was roughly three times the number of exports; this figure rises to approximately five to one if all transit declarations are included. In the same period the value of imports amounted to ZK 2.1 billion (Zambia Kwacha) compared to ZK 1.7 billion, as shown in table 1 below.

[4] Based on the list of clearing agents in RIB and RIT provided by ZRA.

Table 1: Zambia's exports and imports for 2004

| Regime | Value of Trade in 2004 (US$) (% of total imports & exports) | Number of Declarations (% of total declarations) |
|---|---|---|
| Exports | 1,702,627,688 (44%) | 51,643 (27%) |
| Imports | 2,195,323,191 (56%) | 138,909 (73%) |
| **Total Exports and Imports** | **3,897,950,879** | **190,552** |

The trend of Zambia's trade has not changed much since 1999 as can be seen from the table below


Source: MCTI

The Exports make no difference in terms of income generated by clearing agents in relation to the Bond guarantee scheme due to the fact that exports out of Zambia do not require a bond guarantee. An agent in Zambia therefore handling exports out of Zambia will generate an income though a service fee that is charged to an exporter as handling charges. Likewise, imports will generate income for clearing agents in form of a fee charged for goods clearance.

In clarification, the RIB transactions are in imports, and will subsequently be recorded by ZRA in the 'import' figure. The RIT transactions represent 'through transit' movements. If the issue of destination under the COMESA RCBG was the entry point into the country, Zambian clearing agents would continue to provide removal in Bonds and only lose part of "through transit" since goods originating as exports from Zimbabwe, Botswana, Malawi and Namibia destined for Democratic Republic of Congo, and exports by DR Congo through Zambia would continue to be captured by Zambian agents. Such declarations represent about 21% of the total transit declarations provided in table II below. The loss of income by clearing agents who provide transit bonds and make transit declarations for these transactions would be about 74% of 57% of RITs.

Table 11: Transit Trade

| Regime | Value of Transit Trade in 2004 (US$) | Number of Declarations (% of total declarations) |
|---|---|---|
| **Transit RIT** | 508,868,510 | 63,054 (57%) |
| **Transit RIB[5]** | 302,521,247 | 47,030 (42%) |
| **Totals:** | **811,309,757** | **110,084** |

Source: analysed from Data provided by ZRA

The specific objections of ZCFFA members to the RCGB proposals were as follows:

- The vast majority of Zambia's trade would now be controlled by other countries;
- The growth of large international companies would be facilitated to the detriment and closure of Zambian companies;
- Unemployment would occur in this sector;
- Revenue now earned in Zambia would in future be earned in foreign countries;
- Import taxes allegedly account for 45% of Government revenues. Foreign documentation is often found to be inaccurate, so increased reliance on external agents would threaten the collection of these revenues.

ZCFFA members reported that between 50-60% of their business activities related directly to RIT and RIB work combined. The average price charged by ZCFFA members for making transit declarations and supplying transit bonds is US$100, although high value or high duty items may be increased to $250 or even $500. Comparative analysis of these figures and an estimate of potential financial losses to the industry are shown later in this report.

[5] RIBs are included in the total for imports given in table 1.

*Zambia Freight Forwarders Association (ZAFFA)*

This association has 195 members of which 53 are handling RITS and RIBs, some of which are large companies but most of which tend to be the smaller businesses with a lower level of access to computers and international linkages. These agents also have a lower degree of access to Customs facilitation opportunities. These agents would appear to have the most to lose from the RCBG scheme, and lower prospects of gaining benefits from international linkages or from the small and closely-controlled market for providing clearances for Zambia's exports and international outward transit movements.

It might be said that any attempt to improve international trading conditions such as the RCBG inevitably entails 'winners and losers', and that the agents with the least investment in infrastructure and information technology should not hold up these improvements. Possibly also there are too many clearing agents, and Zambia would benefit from a smaller, more professional clearing agents' community.

ZAFFA is attempting to impose a minimum charge for transit clearances of $100, though this will be difficult to police as there is so much competition among the members. During the mission ZAFFA members confirmed that it was necessary to negotiate on price in order to secure business, and will reduce their charge to $70 if necessary. Figures as low as $30 was also quoted anecdotally by ZAFFA.

The ZAFFA representatives reported that RIT and RIB clearances were more profitable than final clearances, due to the higher risk posed by the provision by their members of the transit bond. 60% of businesses would be at risk if RIT and RIB traffic was to be lost to the community. RIT-related work was estimated at 20% of overall turnover.

ZAFFA have made representations to COMESA on these likely job losses, and have secured an offer from COMESA of assistance in capacity building to enable ZAFFA members to compete for business under the RCBG scheme. This capacity building was not described in detail, but is thought to consist of assistance in research on policy issues, training in international logistics and financial support for improved telecommunications and infrastructure. Subject to these capacity building initiatives being delivered to their satisfaction, ZAFFA have accepted the principle of the RCBG, and will propose that their members agree to its implementation in Zambia.

#### 6.2.2. The Surety Sector

The sector has both Insurance and International Banks as principal sureties responsible for the payment of import duties and taxes that may be levied by Zambia Revenue Authority in the event that the transit goods go into home consumption or have not been accounted for to the satisfactory of ZRA. According to records obtained from ZRA there are five (5) insurance companies and six (6) banks holding approximately 50 percent of the total current transit bonds, with Zambia national commercial Bank, a government owned bank holding the largest bond values followed by Stanbic and Barclays Bank. Among the insurance companies, Zambian State Insurance has the largest share followed by ZIGI Insurance and Cavmont Capital with 37 percent of the total transit bond market of US$22 million. Due to time constraint the mission was only able to interview the Zambia State Insurance Company.

### *The Zambia State Insurance Corporation Limited (ZSIC)*

This parastatal handles a significant proportion of Customs transit bonds issued in Zambia. There are seven insurance companies in the market, and commercial banks offer transit bonds also.

ZSIC currently holds ZK 27.8 billion (approximately US$ 6,057,173) in transit bonds, charging a total of ZK1.7 billion (approximately US$374,033). Charges vary between 0.5% and 3% per annum for the facility, depending on the client's perceived risk and relationship history with ZSIC. Collateral is secured by a minimum of 100%, rising to 200%, on building property owned by the client. Transit bonds account for only 3% of the company's turnover, being regarded as somewhat of a sideline to its main business of life, property, fire and accident cover.

To put this in context, the total transit bond market in Zambia amounts to US$ 22,078,699, with most of the remainder of the market dominated by other insurance companies and commercial banks. This figure goes some way to supporting the objective of the RCBG, that is, to reduce the need for large amounts of capital to be tied up in supplying transit bonds. The thinking is that these sums of collateral could be better employed in creating sustainable and productive business enterprises, rather than be tied up in a burden imposed on legitimate trade.

There are currently 12 people working in the ZSIC bonds department. Of these, 4 staff work directly, though not exclusively, on transit bonds, including the manager and assistant manager.

The Company also issues warehousing bonds (ZK18.9 billion of cover against an income of ZK 317 million in premiums). This is relevant because these warehouse bonds are utilised to cover outward transit movements under RIB.

The representative of the company did not seem to be aware of the full implications of Zambia's possible ratification of the RCBG scheme, though on reflection these implications appeared negative to her. It is difficult to estimate the net effect of the proposed RCBG arrangements on a company such as ZSIC. In contrast to the arguments put forward by the clearing agents, pointing to a reduction in business caused by the likely loss of RIT and RIB business, ZSIC may in fact benefit from the arrangements being put in place by COMESA. Obviously any reduction in the volume of transit bond business may put one or two employees at risk. Conversely, an increase in transit bond activity in the region as a whole, stimulated by the RCBG Agreement, would lead to an increase in the number of employees.

This is because COMESA is planning to implement an inter-surety agreement for the implementation of the RCBG Agreement. Under these arrangements, a National Surety will be designated in each participating Member State, and will be responsible for administration of all operational aspects of the RCTG (Regional Customs Transit Guarantee) program. The National Surety (normally a committee of participating financial institutions, or the existing National Bureau responsible for the COMESA Yellow Card scheme) will authorize Primary Sureties (insurance companies such as ZSIC, and commercial banks) to operate under the scheme and issue RCTGs, charging premiums on these issues. The National Surety will also be responsible for handling the discharge (acquittal) of transit movements and for paying Customs claims. These arrangements will be backed by a guarantee pool, funded initially by capital transfers from the Primary Sureties. The benefits for the Primary Surety are that any surpluses from the pool will be distributed to Primary Sureties in proportion to their participation in the pool.

COMESA has used the COMESA Yellow Card system for third party motor vehicle insurance cover in the region for purposes of explanation. There already exists a chain of COMESA National and Primary Sureties to administer this scheme, and it is intended to utilize the same financial institutions to participate in the RCBG Agreement. Given that the Yellow Card scheme is extremely profitable, and the pool is in credit to the tune of millions of US dollars, COMESA is optimistic about the future profitability of the RCBG Agreement.

The two schemes (yellow card and RCBG) appear to be similar in many ways, but there is one critical difference. That is, the RCBG system will inevitably be subjected to fraudulent attacks by traders seeking to evade Customs duty by diversion of transit movements, and if these are persistent and widespread, the viability of the system may be threatened.

### 6.2.3. Importers

*SDV, Shoprite & Checkers, Spar Arcades Limited*

For the importer community visited during the mission, the RCBG proposals will generally have a favourable financial impact. Currently transit times from South Africa vary from 3 to 5 days. With the RCBG and regional transit declaration, there is scope for border crossing times to be reduced.

Transit traffic is subject to a number of controls at international borders, of which the need to lodge Customs transit bonds and declarations is just one. The other main areas where hurdles exist, and further regional harmonization is essential if cross-border delays are to be minimized, include the following:

- Axle load limits;
- Vehicle dimensions;
- Road user charges;
- Immigration requirements;
- Border post operating hours;
- Adequate border post parking and inspection areas (to avoid bottlenecks); and
- Vehicle standards.

There have been no recent detailed time-release studies where the delays at border crossings can be reliably allocated to Customs, immigration, clearing agents or drivers. There is clearly a delay incurred in the preparation and presentation of Customs transit declarations at international borders, along with subsequent Customs clearance and bond authorization. The standard time delay for clearance by Customs of a transit movement is approximately 3 hours for a correct declaration. If the declaration contains errors or the consignment requires a physical examination for any reason, this time delay will increase.

Under the RCBG, this Customs clearance time will be reduced, as a standard, pre-prepared Customs declaration and regional guarantee will require less processing by Customs. Under the closest equivalent in Europe, the TIR system, Customs controls can be reduced to as little as 15 minutes. Delays will still be experienced, however, unless the efficiency of the clearance logistics can be improved, along with greater efficiency in the handling of the different aspects of border crossing outlined earlier in this paragraph.

Generally the importer community expressed satisfaction with the status quo, except where transit consignments are routed to Zambia via Zimbabwe. Transit consignments arriving from South Africa via Botswana are handled by fast, efficient transit arrangements in SACU (Southern Africa Customs Union) and reach the Zambia border at Livingstone where they receive quick clearance through the facilitation instruments made available by the ZRA.

The figures available for delays at the other high-volume borders (Nakonde, Kasumbalesa) point to longer delays in border crossing. Delays at Nakonde for example are thought to average 17 hours, and little reliable data is available for Kasumbalesa.

### 6.2.4. Transporters

The transport community in the region stands to benefit from the proposed RCBG Agreement. This is because any reduction in waiting times at borders will allow them to perform more transport movements. Some of the larger transporters are also registered with ZRA as clearing agents.

Transport charging rates are governed by the number of kilometres a truck can travel in a month. On average this is currently 9-10,000 kilometres per month in sub-Saharan Africa. Once transit traffic is properly facilitated, and the surrounding barriers to trade reduced or eliminated, trucks should be able to travel 15 – 20,000 kilometres per month.

The fixed costs associated with running a transport business determine the amount the transport company must charge his client to remain profitable. If transit traffic is facilitated across borders, the transporter’s fixed costs will remain the same, but the number of movements will increase. This means that rates will drop, and although variable costs will increase, profitability will also increase. This leads to the prospect of business expansion and further employment opportunities.

In assessing the precise impact upon the Zambia trucking industry, it is necessary to look at the regional facilitation of transport traffic that would be stimulated by the introduction of the RCBG. By increasing the number of transit movements carried out, for example from South Africa, through Zimbabwe to Zambia, the transport community would see an increase in the number of movements and hence enhanced profitability.

South Africa has bilateral agreements on truck permits with most countries in the region, including Zambia, Zimbabwe and Malawi. Under these agreements, free access to reciprocal markets is permitted, under certain conditions. To describe the impact of these conditions in practical terms, three types of movement are identified, as in the following examples:

a) A standard movement of a Zambian-registered truck carrying Zambian goods to South Africa, (for example for export through Durban), off-loads the goods and (optionally) picks up a return load destined for Zambia. This type of movement is permitted without restriction.

b) The so-called third-country rule, whereby a vehicle registered in Zambia may pick up goods in South Africa and transport them to a third country (i.e. other than Zambia), provided the journey takes the consignment via the country where the vehicle is registered. (This rule is being considered for withdrawal).

c) Cabotage, whereby a Zambian-registered truck picks up goods in South Africa and transports them for off-loading elsewhere in South Africa, is not permitted.

Under these scenarios, the possibilities of increased transport facilitation under the RCBG will provide no drawbacks for the Zambian transport industry. The precise benefits will be dependant upon the level of reduction in border waiting times in all participating countries. As stated above, these reductions are difficult to quantify as the evidence for the causes of many border delays elsewhere in the region is not very clear.

There is one issue which may cause interim problems, however. If trucks are to move under international transit arrangements, and Customs are to be satisfied that the Customs duties and taxes are being properly protected, it is essential that the trucks meet the vehicle specification conditions laid down in the COMESA protocol on Transit Trade and Transit Facilitation. That is, in order to be approved to use the RCBG system, the load compartment of the truck must be secure, and sealable with a Customs seal. Once sealed, it must be impossible for goods to be introduced into the load compartment, or taken out, without breaking the Customs seal or leaving obvious signs of damage. From discussions with representatives of the industry, it appears that there is a lack of vehicle capacity in the region qualifying under these guidelines.

In the interim, it is apparently proposed that open-back trucks with goods secured under tarpaulins will be permitted to use the scheme. This presents serious smuggling risks, and Customs officers at borders may decide the conduct more frequent physical examinations, thus increasing border crossing delays. This is an urgent problem that the trucking industry must address; the solutions are either to obtain sufficient quantities of suitably secure trucks, or to find a way of attaching a Customs seal to goods secured under a tarpaulin.

#### 6.2.5. Other issues

*Inter-operability of regional Customs transit guarantees*

During the mission’s meetings with the South Africa Revenue Services (SARS), the question was raised as to whether SARS would accept a Zambian-registered clearing agent’s regional bond. This would mean that the Zambian freight forwarder / clearing agent would be able to take full control of back-loads from South Africa, including the presentation of a Customs declaration and a regional transit bond, rather than pass this work to his South African associate company as is done at present.

In reply SARS stated that they saw no problem in this, once a regional transit regime is agreed to and legalised by all concerned countries in the region. They also mentioned that had currently not catered for this possibility, but they were currently planning a free web-based system that would allow free world-wide access to their system by authorized users. The possibilities are of course tremendous with the advent of electronic clearance, but this system will not be implemented for some considerable time.

SARS have started work on implementing an advanced Customs transit control system on the Trans-Kalahari Corridor (TKC). A standard, internationally-aligned document, the SAD500, conforming to the UN Layout Key and the EU Single Administrative Document, is already in use and the automated transfer of transit files between RSA, Botswana and Namibia Customs Administrations is in operation.

SARS are keen for co-operation to extend this route to Zambia.

*Implications for the Zambia Revenue Authority (ZRA)*

Once the RCBG is ratified the ZRA will have responsibility for implementing the necessary provisions, designing and setting up the procedures and notifying local stakeholders.

Zambia is surrounded by SADC countries though four (Angola[6], DRC, Malawi and Zimbabwe) of them also belong to COMESA. What will it mean for ZRA should both the COMESA and SADC RCBG become operational given that the two Schemes have quite different implementation modalities. Either system has the potential to provide the ZRA with a powerful tool to combat smuggling, under-valuation and transit fraud.

### 6.3. Analysis of potential losses in transit declarations (RIT and RIB)

The number and value of RITs travelling on the major routes in 2004 was as shown in the following table; for ease of reference, the routes have been somewhat consolidated and summarized into the following main transit arteries:

- *South - North*
    - Covering entry point at Chirundu from Zimbabwe (21.3% of total RITs entries);
- *South - North*
    - Covering entry point at Livingstone from Botswana and Namibia (25.8% of total RITs entries)
- *North – South*
    - Covering entry points Ndola and Kasumbalesa from DRC (12% of total RIT entries);
- *North – South*
    - Covering Kapiri Mposhi, for goods arriving by the Tazara railway from Tanzania (7.7% of total RIT entries);
- *Nakonde*
    - Entry point from Tanzania (32% of the total RIT entries);
- *Lusaka International Airport (0.6% of total RIT entries)t; and*
- *Mwanza (0.14% of total RIT entries)*
    - Entry point from Malawi

*(Note: the percentage figures have been rounded for ease of reference – see table III on the following page)*

[6] Though Angola is a member of COMESA they are quite inactive in COMESA and are yet to sign the SADC Trade Protocol.

**Table III**

| Route | Number of RITs Declarations | Number of RITS available[7] under the RCBG | Number of RIBs declarations | Value of RITs (Zambia Kwacha) | Value of RIBs (Zambia Kwacha) |
|---|---|---|---|---|---|
| **South – North Entry @ Chirundu** | 13,436 | 850 (6.32%) | 26,275 | 633 billion | 936 billion |
| **South – North Entry @ Livingstone** | 16,289 | 752 (4.62%) | 6614 | 770 billion | 211 billion |
| **North – South Entry @ Ndola, Kasumbalesa** | 7,545 | 7,545 (100%) | 4,450 | 514 billion | 132 billion |
| **Kapiri Mposhi** | 4,858 | 643 (13%) | 48 | 93 billion | 1 billion |
| **Nakonde** | 20,464 | 3,220 (15.73%) | 1,946 | 319 billion | 64 billion |
| **Lusaka International Airport** | 371 | 371 (100%) | 7,614 | 4 billion | 45 billion |
| **Mwanza** | 91 | 91 (100%) | 83 | 5 billion | 0.6 billion |
| **Totals** | **63,054** | **(13,474) (21%)** | **47,030** | **2,340,795,146,721** | **1,346,572,833,116** |

Source: Analysis done using Data provided by ZRA

[7] Number of RITS that would be issued by Zambian agents for exports from the neighboring countries

These figures are complicated by a number of different factors. The reason the RIBs are shown separately from the RITs is that under the RCBG proposals, Zambian clearing agents would lose the right to provide clearances and transit bonds for RIT traffic, though they would not necessarily lose the RIB traffic and would continue with RITs for goods exported by Zambia's neighbours. ZRA, however, reserve the right to impose clearance and duty payment at the border, and some 60% of transit traffic that would normally be RIB is cleared in this way.

Secondly, the majority of goods moving under RIT are consigned to or from the Democratic Republic of Congo (DRC). The table at annex C shows the details of RIT transit movements, their offices of entry in Zambia and their final destination.

There is a strong possibility that the DRC will take some years to create the necessary Customs control infrastructure and organizational, administrative and legal frameworks suitable for the RCBG to function properly. This means that, in the interim, exports from the DRC will be transported into Zambia and transferred to Zambian transporters, for outward clearance by Zambian clearing agents under the RCBG to final destination. This means that Zambian clearing agents will benefit from the possibly extended inability of the DRC to align itself with the requirements of the RCBG.

Thirdly, there are no specific export taxes in Zambia, although exports are zero-rated for VAT. Export goods move to the border without a transit guarantee for the outward leg of the journey from point of loading to exit border point. Currently duty-free goods are exported from Customs bonded warehouses, using the warehouse bond to cover the duties and taxes at risk from the point of loading to the exit border point.

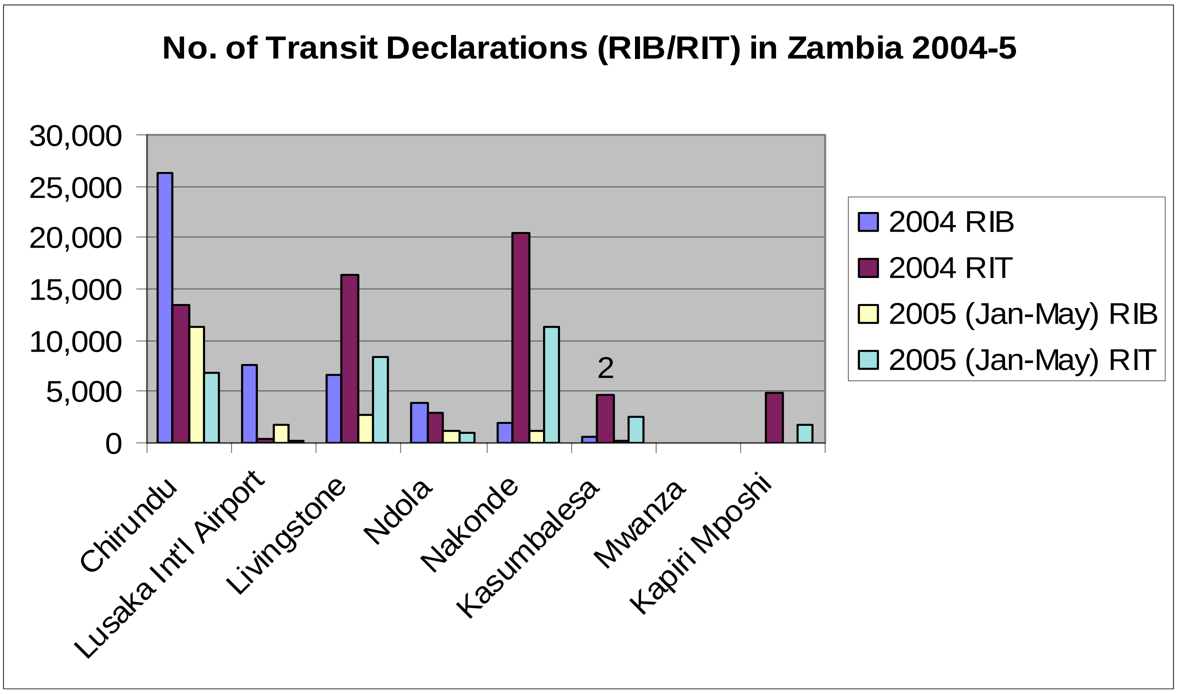
Under a RCBG scheme, these exports could [would] qualify for a transit declaration to be made by a Zambian clearing agent, along with a regional transit guarantee to cover the duties and taxes at risk in the countries of transit and destination. For exports destined outside the region, the transit bond would cover the movement to the final point of exit from an RCBG-participating country.

Fourthly, Zambia's only neighbouring countries that are also members of COMESA are Angola, Malawi, Zimbabwe and the DRC. This means that, unless the COMESA RCBG is extended to Namibia, Botswana, Mozambique and Tanzania the scheme will not cover all transit traffic entering Zambia, in particular via the busy routes of Livingstone or Nakonde. Effectively once the RCBG was implemented in Zambia and its neighbouring COMESA countries, these transactions would continue to be handled under current arrangements, depending on the situation in DRC and when the SADC RCBG becomes operational. SADC intends to have the SADC RCBG Scheme operational by 2007. If for example, DRC came into the COMESA RCBG scheme relatively quickly, but the scheme did not cover Namibia and Botswana, this would mean that Zambian clearing agents would be permitted to make a regional transit declaration for goods arriving in transit from South Africa at Livingstone, destined for DRC.

During the mission, data on transit traffic was collected from a number of sources. The objective was to quantify the number of declarations involved, and to establish the transit routes utilized. Annex C to this report gives the details of office of entry and destination for 2004. Table IV below shows a summary of the road transit volumes, RITs, or declarations for through transit by truck for 2004, analysed per Customs office of entry (also called 'office of departure'). The locations of the Customs offices are described by Zambian transit route at annex B to this report.

An overall comparison of the volumes of RIT and RIB traffic at the main ports of entry is shown in table IV below:

Table IV




Source: ZRA

The relevant figures are below:

**Table V**

**NUMBER OF TRANSIT DECLARATIONS in ZAMBIA (RIT/RIB) 2004-5**

| | 2004 | 2004 | 2005 (Jan-May) | 2005 (Jan-May) | COMESA-border countries | Non-COMESA border |
|---|---|---|---|---|---|---|
| | **RIB** | **RIT** | **RIB** | **RIT** | | |
| Chirundu * | 26,275 | 13,436 | 11,261 | 6,885 | 57,857 | |
| Lusaka Int'l Airport | 7,614 | 371 | 1,719 | 174 | | 9878 |
| Livingstone | 6,614 | 16,289 | 2,733 | 8,375 | | 34011 |
| Ndola * | 3,858 | 2,862 | 1,120 | 1,005 | 8845 | |
| Nakonde | 1,946 | 20,464 | 1,196 | 11,203 | | 34809 |
| Kasumbalesa * | 592 | 4,683 | 151 | 2,591 | 8017 | |
| Mwanza * | 83 | 91 | 6 | 82 | 262 | |
| Kapiri Mposhi | 48 | 4,858 | 6 | 1,693 | | 6605 |
| **Totals** | **47,030** | **63,054** | **18,192** | **32,008** | **74,981** | **75,425** |

Source: analysed based on data provided by ZRA

* Ports on the border with COMESA countries

It is necessary to quantify how many declarations are made on each route, so that the impact of the RCBG can be estimated for these routes. Once the COMESA RCBG is implemented in Zambia, it may not operate on all international transit routes. This is because this RCBG has been designed primarily for COMESA countries. Unless non-COMESA countries such as Tanzania, Mozambique, Namibia and Botswana, join the system these countries will continue with their own national systems. As a result, any transit consignments (RITs and RIBs) arriving from these countries will continue to need a transit declaration on arrival in Zambia, prepared by a Zambian clearing agent. This could change once the SADC RCBG is implemented.

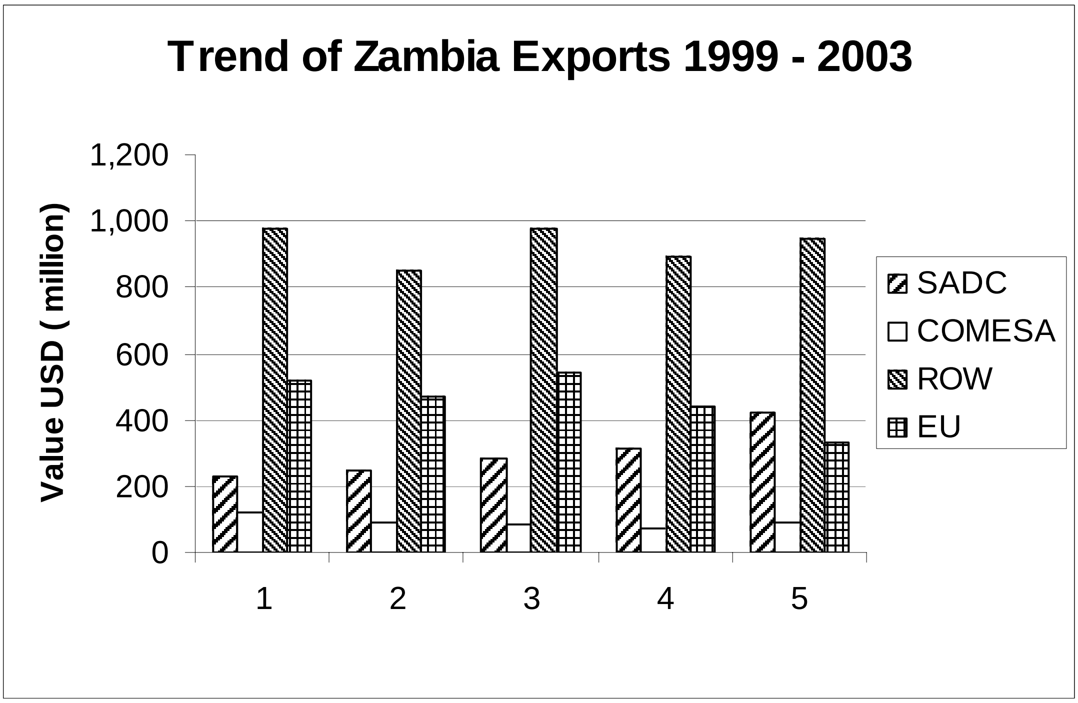
If non-COMESA countries exclude themselves from the RCBG arrangement, this will mean that approximately 50% of the RIT and RIB traffic in Zambia will still require a transit bond of some nature (RIT or RIB) to be taken out. This figure has been arrived at by identifying Zambian Customs Ports with a border with non-COMESA countries, and quantifying the number of RIB and RIT declarations made to them in 2004 and to May 2005. The figures from the table above show 74,981 transit declarations arriving in Zambia in offices with COMESA borders, and 75,424 in non-COMESA-border offices. If the DRC is also excluded in an initial phase of RCBG implementation, the proportion rises to 60% of transit declarations arriving from non-participating countries.

The ‘non-COMESA ports’ include Livingstone (on the border with Namibia and Botswana), Nakonde (on the border with Tanzania), Kapiri Mposhi (which receives goods via the Tazara railway from Tanzania), and Lusaka International Airport (LIA). This last port is included in non-COMESA countries because flights arriving at LIA are unlikely to contain significant amounts of goods consigned from a COMESA country.

### 6.4. Analysis of Zambia's trade

The trend of exports to Zambia's main trading partners is shown below:

Table VI




Source: MTCI

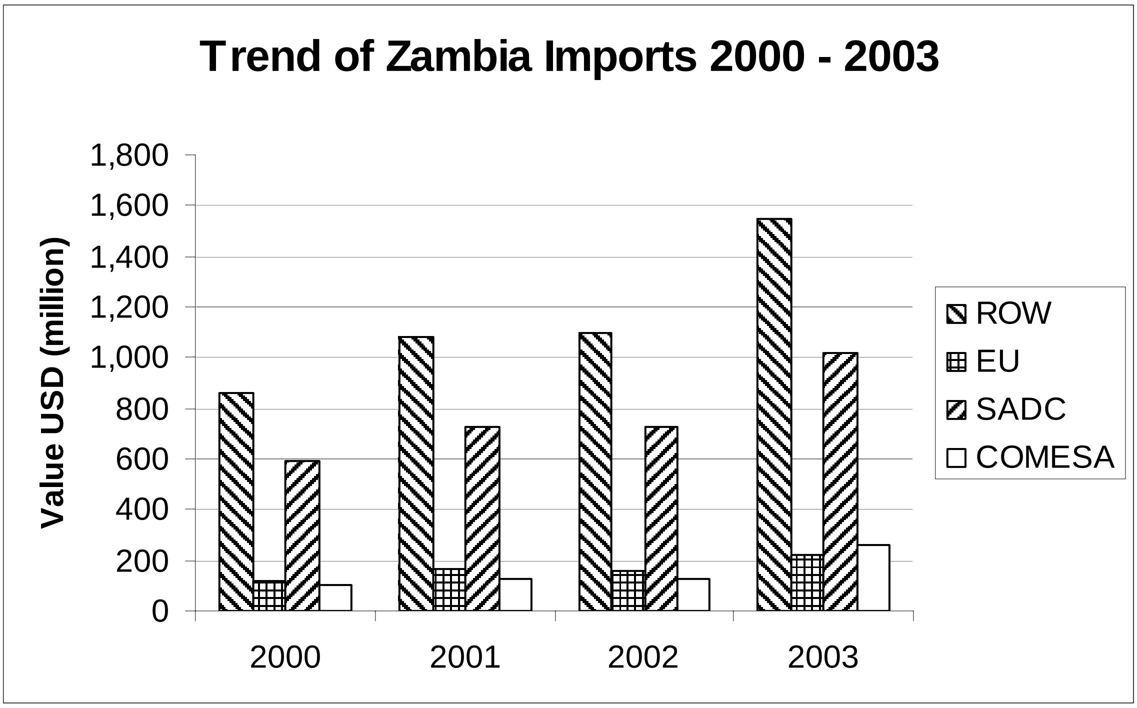
Exports appear to keeping relatively stable, with exports rising slowly to SADC countries and falling to EU countries. This means that the number of export declarations is also remaining constant. There is a possibility that the potential loss in RIT declarations by clearing agents (estimated above at 63,054 RITs (2004 figures) [and 47,030 RIBs)] will be partially recouped by making transit declarations for export.

The likely result here is that the impact of the RCBG upon clearing agents will be a net loss in business, by losing some 60,000 (net) declarations per year, i.e. the total of RIBs and RITs (around 110,000) less the export transit declarations. Export declarations amounted to 51,643 in 2004, with 22,592 until May 2005. Roughly 50% of these will be eligible to be declared to the RCBG transit regime, as approximately 50% of exports approximately travel to or via COMESA countries. In future, these declarations are unlikely to compensate for the losses in RIBs and RITs, and as exports are fairly static the outlook does not look encouraging for increased business from export transit declarations.

The unknown factor is the extent to which the Zambian economy will be stimulated by quicker and cheaper cross-border movements and by trade liberalisation in general. Of course, the major benefit of faster border crossing times will accrue to importers and exporters. This improved clearance time will help to reduce the cost of imports, and the price of exports.

The trend of imports from Zambia's main trading partners is shown below:

Table VII




Source: MCTI
Notes: ROW: Rest of the World

One other factor that can be deduced from the table above, is that, the majority of Zambia's trade is with non COMESA countries i.e. SADC and the rest of the world including European Union (EU). Most of Zambia's imports are from South Africa and most of the imports from outside COMESA come in either through Tanzania or South Africa. Therefore, the impact of facilitating *only* COMESA trade by the RCBG transit scheme will not be as significant as the impact of a solution that catered for the whole region (COMESA and SADC).

## 6.5. Assessment of the overall impact of the Regional Customs Bond Guarantee (RCBG) Agreement

### 6.5.1. Positive impact

Trade facilitation is more than customs facilitation and involves a whole chain of trade processes i.e. preparation of an order to transportation of the goods to clearance of the goods to payment of the goods. For most traders, problems are encountered during the transportation and customs clearance stages. The facilitation of cross-border transport movements including customs clearance will ultimately have a beneficial effect on the Zambian economy. For this to happen, the following key elements have to be present namely:

- A strong political will
- A clear strategic plan
- A close co-operation with the business community
- Where there is donor involvement or assistance, such assistance should be a well-funded and long-term assistance programme based on partnership between the donor and the recipient.

Instruments of trade facilitation such as the improvement of Customs transit procedures at borders should be seen independently of other trade policy issues under which fledgling industries are protected temporarily until they can become competitive. Slow and burdensome Customs clearance procedures at borders are effectively a non-tariff barrier.

UNCTAD have reported that freight costs in East Africa amount to 23.6% of the CIF import value of goods. The average for developing countries is 7.2%, and for developed countries is at 4%. Similar figures will naturally apply to the price of exports. This means that the cost of doing business in the sub-region is unfairly hampered.

In the circumstances, however, it is difficult to estimate the exact extent to which the Zambian economy as a whole will benefit. There is very little manufacturing capacity in Zambia, and largely unprocessed exports leave the country whilst largely manufactured goods arrive. The mining and agricultural sectors will benefit from faster and simpler transport movements to their final markets in the region or abroad. Import activity will become more profitable, so goods will become cheaper, to the benefit of the population as a whole.

### 6.5.2. Negative impact

In 2004, there were 63,054 RIT (through transit) declarations made in Zambia. Assuming that only the COMESA RCBG is operational, only 12 586 of the total 13,439 RIT transactions currently performed by Zambian clearing agents through COMESA countries (Zimbabwe and Malawi) will disappear under the COMESA RCBG proposals.

Assuming an average of $100 per declaration as reported by all interviewees, (and assuming that the lower charge sometimes negotiated is counter-balanced by the higher charges made for high-value and high-duty items), ***the gross potential loss to clearing agents just for RIT traffic would be over $1.25 million per annum (100 x 12 586)***

If, the RCBG covered all the neighbouring countries (including non COMESA), Zambian agents would loss 49,580 RIT transactions representing ***a gross loss of revenue of US$4.95 million.***

These potential losses may be mitigated by a number of factors:

- If non COMESA neighbouring countries implement the SADC BG on the transit routes, this would mean that all the transit routes for Zambia are covered by a SADC BG as all the neighbours are members of SADC. The loss in terms of transit declarations would depend on whether and how many of the importers go for a single bond or multiple bonds.
- Current export declarations amounting to 51,643 being made eligible for RCBG transit declarations. Based on the charge of US$100 per transaction, this would mean a revenue gain of US$5.16million per annum.
- If Zambia's natural advantage in terms of its geographical position promotes the country as a distribution and logistics centre for the region, the number of transit declarations for export will increase.

In order to quantify the potential for increased profits for clearing agents offered by the RCBG Agreement, it would be necessary to establish the cost structure for the RCBG itself. That is, how much would the premium cost, how much could clients be charged for it and hence how profitable would it be in reality. Given the existence of cheaper transit bonds in countries such as South Africa, and the current high degree of profitability in the business of bond provision, it is not clear how profitable the RCBG would be in comparison to the current Zambian bonds.

COMESA has plans to set a minimum, but no maximum figure for the premiums charged. COMESA also plans to allow participating financial institutions providing the RCBG to assess the risk on the various approved transit routes in the region. In these circumstances these aspects present too many imponderables to come to a clear and evidence-based assessment as to the future profitability of the RCBG for clearing agents.

The impact on employment in the clearing agency community would, however, be potentially severe particularly for those agencies that do not have international links. The number of people employed on operational clearing duties is estimated at 843, of whom 251 work in stations where transit bonds are registered; if all RIT and RIB work disappeared, these 251 (0.006% of total workforce) would be at the most risk of unemployment, though the exact figure is not clear as work would still remain on other Customs regimes (final clearances, warehousing and exports), so they would not all necessarily lose their employment.

Both clearing agents associations estimate that around 60% of their revenues relate to activities directly connected to RIB and RIT work. The reason this figure is higher than the proportion of the total number of transit declarations handled by clearing agents is that transit work is much more profitable than other regimes, so any losses in transit would have a magnified effect on business profitability and staff retention. To this figure we need to add support staff that could lose their jobs, estimated at 5% at least of the number of operational staff (42 support staff).

The estimated total of people directly at risk is estimated as minimum of 150 (251 x 60%), and as a maximum in excess of 500 (843 x 60%). Adding support staff at direct and indirect risk increases these figures to 157 and 502 respectively. The number of people that would be potentially affected directly or directly would be slightly higher assuming that each employee supports a family of 5 to 8 people (and possibly more).

The maximum figures represent worst-case scenarios due to the loss of RIT and import RIBs, assuming no countervailing improvement in profitability from making new, regional RIB declarations for transit or for export.

## *7. Implementation Options*

If the Government of Zambia (GOZ) decides to ratify the RCBG Agreement, the ZRA will need to take responsibility for the practical implementation of the RCBG Agreement, along with the clearing agents, freight forwarders, transporters and the national and primary sureties. The following issues are identified as areas where special consideration as required, and as advice to assist smooth implementation of the system.

### Legal Implications

There are a number of legal issues involved in the implementation of the RCBG. Among these is the authorization of the declarant to provide a declaration to ZRA. Currently, only ZRA-registered clearing agents are permitted to carry out this function. In the future, a foreign-registered truck will arrive at the border under the RCBG arrangements, and the (foreign) driver will present the COMESA CD and certificate of guarantee (i.e. COMESA carnet) to Customs, along with the truck and the goods being transported. There will need to be regional co-ordination on accreditation arrangements for declarants.

It is also necessary to establish with COMESA strict guidelines for making claims. ZRA will need to fulfil certain conditions if they detect that a transit truck has diverted. Failure to follow these conditions may result in rejection by the National Surety of the claim for evaded Customs duties and taxes.

### Common Documentation

It has been proposed that the COMESA Customs Document (COMESA CD) is utilized as the regional Customs transit declaration document. Given that the ZRA's form currently in use for all regimes (form 20) is different in layout, a migration strategy will need to be proposed to ensure smooth adoption of the new format. It will be vital to provide adequate training to ZRA staff and to the trading community on how the new form and procedures are to be handled. The ZRA will then have the task of utilizing two slightly different forms, one for transit and another for other regimes.

### The SADC RCBG Convention

Zambia is a member of both COMESA and SADC. Four of her neighbours, Malawi, Angola, DR Congo and Zimbabwe belong to both COMESA and SADC, the others belong to SADC. What will happen when a SADC BG comes into implementation? This has potential to create a cumbersome transiting environment currently exists. Therefore, Zambia has to addresses the question of which RCBG to implement, when and how?

### The WCO Revised Kyoto Convention

The RCBG proposals conform to the provisions of the revised Kyoto Convention, which include, among others:

- New fast, efficient cross-border clearance procedures for Customs Administrations, whilst they maintain effective control of national revenues;
- Recommendations and guidance on trade consultations prior to any major Customs changes in the trading environment;
- Recommendations that all necessary Customs information and guidance is made available to the trade by the most efficient methods, ideally using a web-based method;
- The possibility for the implementation by Customs Authorities of 600 Standards, Recommendations and Practices;
- Procedures for the efficient control of e-commerce; and
- A specific annex on transit and trans-shipment.

The challenge for the ZRA will be to implement these guidelines and procedures whilst the RCBG is being adopted in Zambia.

## *8. Conclusion*

The RCBG will be beneficial to Zambia, providing the other border crossing issues and constraints can be addressed. Trade facilitation generally, and specifically the harmonisation and simplification of border-related controls, bring significant benefits to countries that implement it, and conversely the cost of non-facilitation is high. Customs regimes are central to trade facilitation efforts, and successful implementation of Customs transit in the Sub-Saharan African region would be one of the single biggest steps to delivering trade facilitation benefits.

The likely benefits of implementing a regional transit agreement will significantly outweigh the costs borne by the clearing agents, who represent a relatively narrow sector of the economy and whose concerns can thus be addressed by appropriate policies to soften the negative impact of implementation.

However, the choice to be made by the ZRA does not concern only these questions, or the technical advantages or disadvantages of the RCGB; the vital underlying issue is that of the basic transit system that will operate in the region. Although the terms of reference did not require this question to be addressed directly, it has a bearing on the narrower questions that have been posed. If Zambia were to opt for the RCGB, there is no guarantee that this system would emerge as the ultimately dominant transit system in the region. Indeed the contrary is probably true; it would therefore be prudent to consider the optimal long term solution for Zambia and the region, in order to fix a target that would bring the greatest trade facilitation benefit to both Zambia and the region.

This mission concludes that although a Regional Customs Bond Guarantee Scheme is good for Zambia, there are crucial decisions that will need careful consideration as stated in the sections 7 and 9 of the report.

## *9. Recommendations*

As regards Zambia's participation in a RCBG Agreement, the overall balance of negative over positive impact is not clear-cut. From the information gathered during the mission, there are some imponderables that it is only possible to make general recommendations. A value judgment will ultimately have to be made by the Zambian Government in the light of the agreed need for regional cooperation and integration embodied in the COMESA and SADC Treaties, and in the light of known effects of the RCBG on the Zambian economy as a whole, taking into account the likely impact on the affected sectors

Should the Zambian government decided to ratify the RCBG, it is recommended that the following issues are taken into account, with a view to ensuring maximum co-operation from the clearing agents and improving the chances of successful implementation of the Agreement.

### 9.1. Awareness Campaign

*It is recommended* that prior to the introduction of the RCBG be it COMESA or SADC, the ZRA undertakes a full publicity, awareness and information campaign with the assistance of COMESA. Given the resistance from the trade, it will be essential to answer all their questions on practical issues of procedure, as this affects the profitability of their businesses. Unless this is done, the trade are likely to seize upon any grey area and refuse to co-operate until clarification is obtained, perhaps using it as an excuse to delay implementation further.

### 9.2. Implementation Lead Time

*It is recommended* that the timing of implementation of this major initiative is carefully considered to ensure maximum country readiness. ZRA should negotiate with COMESA for as long a lead time as possible to enable affected stakeholders, particularly clearing agents, to make the necessary preparations and adjust their business processes to the new requirements.

### 9.3. Phased Implementation

*It is recommended* that as many elements as possible be introduced in phases. These elements include:

- The RIB procedure; under the COMESA rules, each country has the right to decide what constitutes an office of destination under the RCBG. It is recommended that once the RCBG has commenced operations, the ZRA should permit the existing transit bonds for RIB traffic to be utilized for an interim period. This will reduce *by a maximum of approximately $5 million per annum* the financial losses incurred by the clearing agents, and will help ensure their commitment and ownership of the new scheme;
- Implementation in successive corridors; it is recommended that the implementation strategy should be based on one pilot corridor, specifically the extension into Zambia of the TKC, and once the RCBG procedures are working satisfactorily, then to extend the procedures to the remaining corridors one at a time.

### 9.4. Export Transit Declarations

*It is recommended that* in future all Zambian exports be covered by an RCBG transit bond and regional Customs declaration, prepared by Zambian clearing agents, even for consignments being exported from a Zambian border office. Because of its geographical location, all exports from Zambia must leave via neighbouring countries. If the RCBG system offers the full extent of facilitation promised, it will then be more efficient for Zambian exporters to place their goods under the RCBG system at the point of loading, for onward movement under transit to neighbouring countries or via these countries to destinations world-wide.

### 9.5. Automation

*It is recommended* that the ZRA supports COMESA in negotiating for the early introduction of automated solutions for the RCBG that are common to the region. These will promote the efficiency of the system, and allow close monitoring of transit consignments, early detection of diversions and the adoption of risk management procedures. Having automated transit control under ASYCUDA, it would be a step back to re-introduce paper-based declaration processing and guarantee management.

### 9.6. Co-ordination between COMESA and SADC transit systems

*It is recommended* that the ZRA liaises closely with SADC and COMESA with a view to harmonizing as many of the elements of the regional transit systems they propose. These elements include the common paper-based Customs transit declaration, and the architectural design of the automated solution. It is clearly beneficial to the trading community, to the ZRA and to trade facilitation and simplification in general that only one Customs declaration document is utilised in the region, using a common approach to automation.

For maximum facilitation of course the Customs computer systems should be connected regionally. The challenge is to design inter-operable paper declaration documents and computer systems that can handle both COMESA and SADC transit bonds; otherwise one will have an advantage over the other.

## *10.Summary of Estimated Impact of Principal Scenarios*

| | Scenario | Probability of scenario happening | Estimated Financial Impact | Possible compensatory factors | Comment |
|---|---|---|---|---|---|
| 1. | Full implementation of RCBG in all counties in the sub-region, all RITs and RIBs disappear | Very low | US$11 million losses in income per annum for clearing agents - 110,000 RIT & RIBs @ US$100 per declaration; between 2,500 and 6,000 people at risk, directly & indirectly (60% of clearing agents' staff and dependants) | Zambian exports are declared to RCBG, reducing losses by 25,000 declarations per annum. (Need to calculate the additional profitability of RCBG compared to export declarations; no figures are yet available for possible profitability of RCBG for clearing agents) | This is the most unlikely option, as non-COMESA countries are at present reluctant to participate; South Africa and SACU have their own plans for a regional transit system, as does SADC |
| 2. | Implementation of RCBG in all countries and RITs disappear only for goods arriving from or via all countries | Medium | US$4.95 million in income p.a. for clearing agents (49,580 RITs xUS$100). Approximately 157 to 502 people would be at risk, directly or indirectly. Assuming each of these supports at least 8 people the number would be approximately 1256 - 4,016 | As above; the extent to which the RCBG will increase trade, and he Zambian economy would improve as a whole cannot be easily estimated in the absence of all relevant data. | This option is more likely than option 1. Also, DRC may not participate in the initial stages of implementation of RCBG due to temporary economic dislocation in the country. RIBS would not go as a result of a RCBG unless the destination of goods would include any port within the borders. As long as ZRA maintains RIBS this section of business would always be there for Zambian clearing agents. |
| 3. | Implementation of RCBG in COMESA countries only, RITs disappear only for goods arriving from or via COMESA countries; ZRA allows all RIBs to continue | Medium | US$1.25 million losses in income for clearing agents, as RITs. Thus, reducing the number of people at risk, directly or indirectly | As above. | This option is more likely than options 1 & 2, though the comments regarding the DRC are also valid here. Out of a total of 63.054 RITs only 13,439 are through COMESA countries and about 12,586 of the 13,439 would be lost by Zambian agents. |

## 11. Word of Thanks

We, the members of the mission, would like to thank all those who gave up so much of their time to assist us in our work. In particular, Mr. Reuben Kunda, Assistant Commissioner, ZRA accompanied us on our visits, ensured our logistical arrangements were well organized and gave us valuable advice and information. In spite of his heavy work load, he always managed to meet our needs. We would also like to thank Mr. Dingani Banda, Assistant Commissioner, ZRA who supplied us with much valuable statistical data and information. Lastly, we would like to express our appreciation to Mr. Sonny Ling'omba, Deputy Commissioner, ZRA, for hosting the mission and providing us with valuable information. We would like to express our gratitude through Mr. Ling'omba for all the efforts of ZRA personnel who did so much to ensure the success of the mission.

**Annex B**

**Transit Routes – Zambia**

| **Customs Transit Routes – Zambia Revenue Authority (Road unless stated otherwise)** |
|---|

| **Inward Transit** | **Office of entry (en route)** | **Main Office of destination** | **Comment** |
|---|---|---|---|
| I | Nakonde | Lusaka | Main Dar corridor route |
| II | Livingstone (Katima Mulilo) (Kazungula) | Lusaka | Import route from South Africa Namibia & Botswana |
| III | Katima Mulilo (Namibia border, sub office of Livingstone) | Lusaka | Import route from South Africa Namibia & Botswana |
| IV | Kazungula (Botswana border, sub office of Livingstone) | Lusaka | Import route from South Africa Namibia & Botswana |
| **Through Transit** | **Office of entry (en route)** | **Office of exit (en route)** | |
| V | Nakonde | Livingstone/ Chirundu | Dar Corridor connecting with North-South corridor in both directions |
| VI | Nakonde | Kasumbalesa | Dar Corridor, northern spur |
| VII | Mwame (Chipata) | Kasumbalesa / Livingstone/ Chirundu | East-west route connecting to Dar Corridor and North-South Corridor |

| **Outward Transit** **(using warehouse bonds as security)** | **Office of departure** | **Office of exit (en route)** | |
|---|---|---|---|
| VIII | Ndola, Kitwe, Chingola | Nakonde | Zambia to Tanzania via Dar Corridor |
| IX | Ndola, Kitwe, Chingola | Chirundu | Main export route to Zimbabwe & South Africa |
| X | Lusaka | Nakonde | Export route through Dar Corridor |
| XI | Lusaka | Chirundu, Livingstone | Export route to Zimbabwe, Botswana, Namibia and South Africa |

## Annex C
## Number of RIT Transit Movements per Destination and Value in Zambia in 2004

NB Only routes with significant volumes (in excess of 10) are shown by name*, but their volume and values are included in the sub-totals shown.

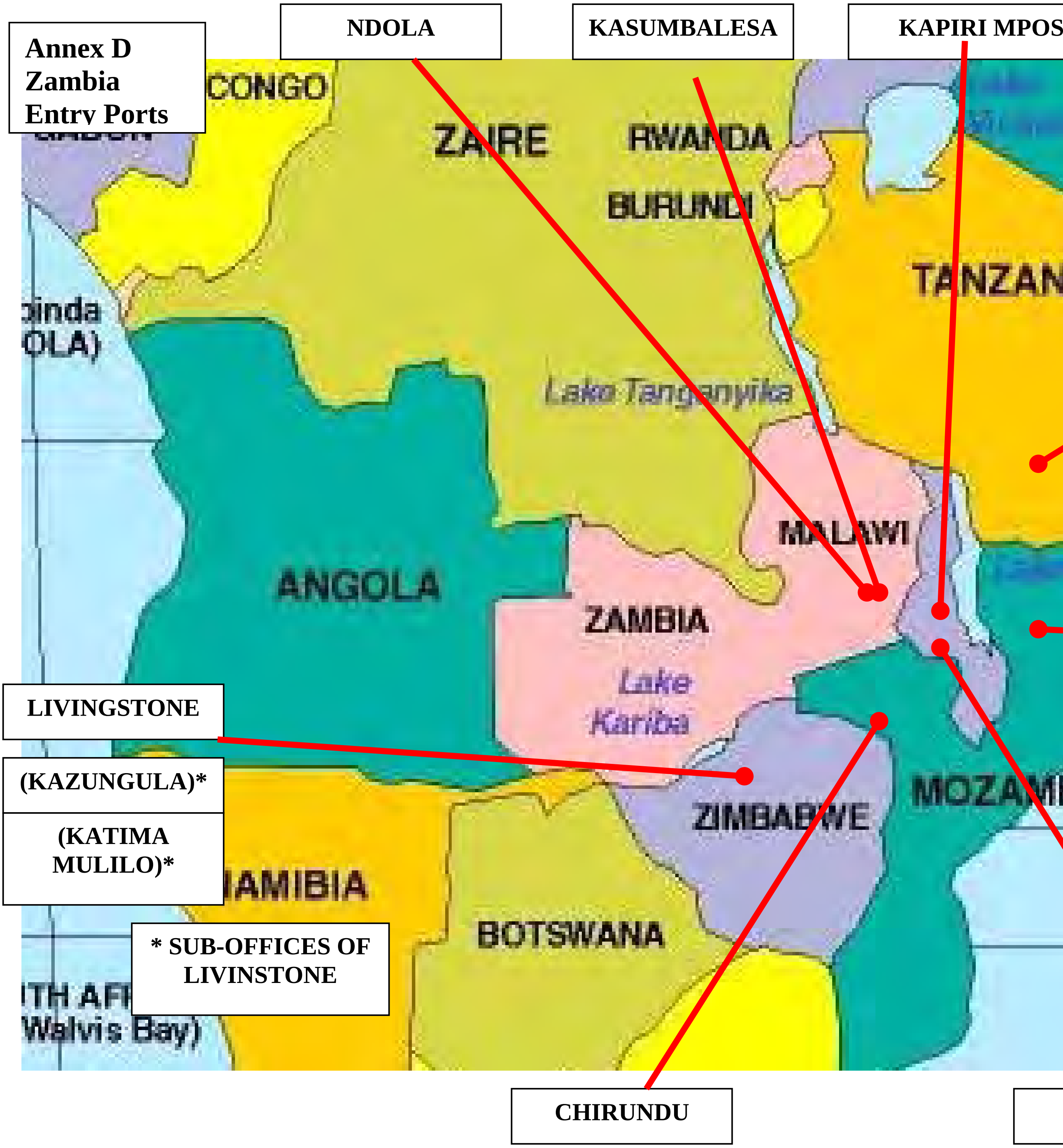
| **Entry Office - Destination** | **Total Volumes of Items *** | **Total Value** |
|---|---|---|
| | | |
| Chirundu - Burundi | 105 | 3449256724 |
| Chirundu - Kenya | 34 | 766563728 |
| Chirundu - Malawi | 156 | 10592936815 |
| Chirundu - Rwanda | 12 | 519991582 |
| Chirundu - Tanzania | 2381 | 99236609474 |
| Chirundu - Uganda | 77 | 535496904 |
| Chirundu - DRC | 12026 | 547202882752 |
| * *Total (including smaller volumes)* | **14802** | **662390888116** |
| Kapiri-Mposhi – DRC | 3477 | 63117545373 |
| Kapiri Mposhi – Netherlands | 12 | 1142572920 |
| * *Total (including smaller volumes)* | **3489** | **64260118293** |
| Kasumbalesa – Botswana | 19 | 1521742166 |
| Kasumbalesa – China | 28 | 612099960 |
| Kasumbalesa – Kenya | 16 | 37201510 |
| Kasumbalesa – India | 14 | 357734343 |
| Kasumbalesa – Namibia | 22 | 1637190200 |
| Kasumbalesa – Tanzania | 557 | 44602810558 |
| Kasumbalesa - South Africa | 3926 | 291250789950 |
| Kasumbalesa – Zimbabwe | 74 | 2796548685 |
| Kasumbalesa – DRC | 220 | 4690773708 |
| * *Total (including smaller volumes)* | **4879** | **348998622461** |
| LIA – DRC | 248 | 2981822702 |
| * *Total (including smaller volumes)* | **255** | 2995617757 |
| Livingstone – Burundi | 29 | 504524389 |
| Livingstone – Kenya | 33 | 1843328284 |
| Livingstone – Malawi | 1326 | 19223002741 |
| Livingstone – Tanzania | 2136 | 90142806299 |
| Livingstone – Uganda | 12 | 282244531 |
| Livingstone – DRC | 12697 | 657790408947 |
| * *Total (including smaller volumes)* | **16280** | **770131249282** |
| Mwanza – Botswana | 32 | 263839788342 |
| Mwanza – DRC | 37 | 1049349299 |
| Mwanza - South Africa | 11 | 866066116 |
| * *Total (including smaller volumes)* | **91** | **268828889644** |
| Ndola – China | 156 | 3630070752 |
| Ndola – Finland | 2109 | 51498911787 |
| Ndola – Tanzania | 14 | 268409271 |
| Ndola - South Africa | 390 | 24691299991 |
| Ndola – DRC | 264 | 7464824968 |
| Ndola – Switzerland | 36 | 969243475 |

| | | |
|---|---|---|
| * *Total (including smaller volumes)* | **2970** | **88607900244** |
| Nakonde – Burundi | 36 | 478913258 |
| Nakonde Botswana | 12 | 122976129 |
| Nakonde - South Africa | 177 | 3314293805 |
| Nakonde – DRC | 20039 | 308736238331 |
| Nakonde – Zimbabawe | 184 | 6429638615 |
| * *Total (including smaller volumes)* | **20451** | **319283133588** |
| **TOTALS** | **63210** | **2,466,581,863,600** |

Source: ZRA

** NB These figures differ slightly from the number of declarations shown in the main report. This is because what is shown here is item-level information, and some declarations have more than one item. This is not statistically significant.*

**Annex D**
**Zambia**
**Entry Ports**



# Main Road Transit Corridors to