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TRANSIT TRANSPORT SYSTEMS IN EAST AND CENTRAL AFRICA

Issues, actions and constraints

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ABBREVIATIONS

CFA	Clearing and forwarding agent
CFS	Container Freight Station
EC	European Community
HGV	heavy goods vehicle
ICD	inland container depot
KAHL	Kenya Airfreight Handling Ltd.
KPA	Kenya Ports Authority
KRC	Kenya Railways Corporation
KTA	Kenya Transport Association
NCTA	Northern Corridor Transit Agreement
ODA	Overseas Development Administration (United Kingdom)
PTA	Preferential Trade Area
RCTD	Road Customs Transit Declaration
TRC	Tanzania Railways Corporation
TTCA	Transit Transport Corporation Authority
URA	Uganda Revenue Authority
URC	Uganda Railways Corporation
ZBR	Zaire, Burundi and Rwanda
ZBRU	Zaire, Burundi, Rwanda and Uganda

I. OVERVIEW OF THE TRANSIT TRANSPORT SITUATION IN EAST AFRICA

General information

1. Before the breakup of the East African Community in 1977, the land-locked countries of the subregion depended on the railway routes linking them to the sea for their external trade. The railway system was at that time efficient and cost effective for long distance freight haulage. Another advantage was that customs procedures of the then East African Customs and Excise Department were relatively simple and straightforward. After 1977, the performance of the railways declined after the dissolution of the East African Railways Corporation and subsequent formation of three separate railway companies in Uganda, Kenya and Tanzania. Economic problems and civil disturbances in the countries also contributed to the poor performance of the traditional transit transport corridors.

2. This state of affairs prompted the land-locked countries to resort to more costly alternatives such as road transport and airfreight. The emergence of international road transport introduced new problems, however, because the condition of roads quickly deteriorated due to overloading and, furthermore, each transit country introduced its own transit documentation and procedures. By the early 1980s, most of the regional trunk roads were in a very poor state and this factor, combined with cumbersome customs procedures, contributed to transit delays and high transport costs.

3. Zaire and the land-locked countries of Burundi, Rwanda and Uganda (ZBRU) use two main transport corridors originating from the ports of Mombasa and Dar-es-Salaam known as the Northern Corridor and Central Corridor respectively. Within these two corridors there are various surface modal choices including road, rail, inland waterways or a combination of any of the three. It is now a major policy of all the land-locked countries to diversify their transport routes and modes, both for economic reasons and to enhance transit security in the light of the recurrent incidence of civil strife which renders some of the traditional routes impassable.

4. The origin of the Northern Corridor can be traced back to the early part of the twentieth century when the Kenya-Uganda railway line connecting the port of Mombasa to the hinterland was constructed. The line was constructed primarily to transport commodities such as copper, cotton and coffee from the production centres to overseas markets. The basic rail artery therefore had a big influence on the pattern of economic development and subsequent transport provision in East Africa. A major area of concern at present is the poor security situation in the subregion, which has had an adverse effect on the movement of goods. The volume of transit traffic along the traditional Northern Corridor road route in Uganda dropped drastically after the temporary closure of the Uganda/Rwanda border in October 1990. As a result, all Rwanda and Burundi traffic destined to or originating from the port of Mombasa has been using an alternative road route passing through the northern part of the United Republic of Tanzania.

5. The Central Corridor has been operational as a transit route since the early part of the twentieth century, and specific institutional arrangements were agreed in the early 1920s for ZBR cargo at Dar-es-Salaam and Kigoma, the Belbase concessions. The traditional route for ZBR cargo is the 1,254 km

central line of TRC to the port of Kigoma, transshipment to barges, and final delivery to the port of Bujumbura. During the 1960s and 1970s, Rwanda ceased to use this route and concentrated its traffic on the Northern Corridor. Burundi also shifted some of its traffic to Mombasa when the efficiency of the Kigoma route declined.

6. Cargo handling performance at the port of Mombasa has been poor for the first half of 1994. This is because of slow off-take of containerized cargo to the inland container depot at Embakasi and frequent breakdown of cranes leading to long waiting periods for ships. The existing problem has been compounded by the upsurge in food imports, which are given priority due to the prolonged drought in Kenya. The port of Dar-es-Salaam on the other hand has in recent years been regarded as more efficient than Mombasa. Competition between the two ports for transit traffic will improve the quality of services to the customers in the land-locked countries.

7. Road transport from Dar-es-Salaam to ZBR has only recently developed. This is mainly due to the policy of the land-locked countries to diversify their transit routes and modes of transport. The overall distance by road from Dar-es-Salaam to Kigali is 1,530 km the main route being Dar-Dodoma-Singida-Lusahunga-Rusumo Falls-Kigali. Trucks to Burundi follow the same route from Dar to Lusahunga and thereafter branch at Nyakasanza to Kobero and then on to Bujumbura. The total distance on the Bujumbura route is 1,800 km.

8. The state of physical infrastructure on both corridors has improved following the completion of road rehabilitation projects. The main priority of Governments and donor agencies has been to ensure that the roads are maintained at the rehabilitated standards and to solve the problems that led to previous road deterioration. In this regard, much attention is being given to enhancing road maintenance and its financing. By the year 2000, the quality of road infrastructure in East Africa will have been restored and a consistent road maintenance culture should have been created.

9. The transit countries often complain that transit traffic to and from the land-locked countries causes disproportionate damage to their roads because axle load limits are regularly exceeded. One of the main concerns of road planners and builders is axle load, i.e. the maximum weight an axle can transmit to the road. This is because overloaded axles are bound to cause rapid deterioration of roads. It is important for axle load regulations to be standardized at the regional level to correspond with the design standards of the roads and also to ensure that the same vehicles can cover a journey with the same load. The technical requirements for road vehicles are contained in the Northern Corridor Transit Agreement and the PTA Treaty.

10. In practice, the agreed limits are often violated. For more than 15 years, there has been little, if any, enforcement of axle load limits on the regional transit routes. Another problem is that despite the existence of vehicle dimension regulations, countries continue to allow importation of oversized vehicles which makes enforcement difficult. This is particularly the case with the petroleum tankers which became the centre of attention when Kenya passed new laws in 1991 governing the size of tankers carrying oil products on its territory. Following the introduction of the new rules, various requests were made to the Government of Kenya to postpone implementation in order to allow transporters enough time to adjust their

trucks. The Kenya Transport Association in particular argued that they were going to lose business once the oil pipeline extension to Kisumu and Eldoret is completed in 1994 and that it was therefore uneconomic to make any investments in modifying the existing trucks. The Northern Corridor member States on their part predicted that the new rules would seriously disrupt supplies of oil products to the land-locked countries and as a result harm their economies. In response to the requests, the Government of Kenya has continuously postponed the implementation of the new rules over the last three years.

11. At the regional level, inter-State road freight haulage has been subjected to various road user charges to meet the high costs of maintenance. To facilitate the smooth flow of traffic, the PTA is undertaking rationalization and harmonization of road transit charges. The November 1990 PTA Summit endorsed harmonized road transit charges: US$ 8 per 100 km for HGVs of more than three axles and for all articulated vehicles; and US$ 3 per 100 km for rigid-chassis HGVs of up to three axles without trailer. The charges were approved with the proviso that the principle of reciprocity could be applied on countries charging more than the prescribed rates.

12. There has been a significant increase in the volume of transit traffic moved by rail due to closer cooperation between the three railway companies, namely, Uganda Railways Corporation (URC), Kenya Railways Corporation (KRC) and Tanzania Railways Corporation (TRC). The railways are now being run more on sound commercial principles than was the case in the past. The main strategy of the railway authorities is to reduce transit times and to offer competitive tariffs in order to attract some of the long-distance freight traffic currently being moved by road and in particular the container traffic.

13. There have been other significant investments in transport infrastructure which will have a bearing on the future volumes and routing of transit traffic. These include the construction of inland container depots (ICDs) to cater for the increasing volume of containerized traffic and the extension of the oil pipeline in Kenya. It is important to note that, once the ongoing infrastructural projects are complete, the land-locked countries will have two well developed transport corridors to choose from with alternative modes of transport.

14. The improvements in physical infrastructure have, however, not been matched by a corresponding reduction in the transit times and transport costs. This is because of the so-called non-physical barriers which still persist. These include delays due to cumbersome customs procedures, documentation problems, high transit charges and strict transit regulations.

15. The signing of the East African Cooperation Treaty in 1993 by the Governments of Kenya, Uganda and United Republic of Tanzania is a significant development which will undoubtedly boost the economies of the region and subsequently increase demand for transport services. It should be noted that transport and communications was the biggest area of cooperation before the breakup of the Community. Current moves towards closer cooperation among the three States may lead to an early removal of all the non-physical barriers to international transport to facilitate regional integration. Details on modalities of cooperation are still being worked out by officials of the three States.

II. TRANSIT TRANSPORT SYSTEMS: ACTIONS AND POLICIES AT THE NATIONAL LEVEL

A. Kenya

1. Transit routes

(a) General information

16. The Port of Mombasa continues to serve the Northern Corridor member States, namely, Burundi, Rwanda, Uganda and Zaire (ZBRU); and to some extent other countries in the region, including Somalia, the Sudan and the United Republic of Tanzania. The main traffic is bound for ZBRU and is largely moved by road. A small proportion is currently being transported by rail/lake.

(b) Road routes

All road route from Mombasa to Malaba. This is the main route serving the Northern Corridor traffic. It covers a distance of about 1,000 km within Kenya, and is primarily used for the movement of dry cargo.

All road route from Mombasa to Busia. This is an alternative route that branches off the Malaba route at Makutano. It helps ease congestion at Malaba, and is mainly used by petroleum transporters.

All-road route from Mombasa to Isebania. This route serves as the main alternative road route to the Malaba route for traffic going to Rwanda and Burundi. Traffic using the route passes through the north of the United Republic of Tanzania on the southern part of Lake Victoria. In the last four years, it has been heavily relied on owing to insecurity on the Uganda/Rwanda border, which has led to disuse of the road sections in the affected zone.

(c) Rail routes

Mombasa-Nairobi-Malaba. This is the main line to Uganda. Rail traffic has largely reverted to the use of this route following the introduction of block trains between Nairobi and Kampala. There is also a weekly passenger train service between Nairobi and Kampala.

Nakuru-Kisumu. This section, which branches off the Mombasa-Malaba line at Nakuru, has in the recent past served as the main line for Uganda traffic. At Kisumu wagons are moved by a wagon ferry service across Lake Victoria to either Port Bell or Jinja. Currently, the section is handling insignificant traffic owing to a shift in traffic to the main line (see above).

(d) Airfreight services

Air transport on regional routes has been in place since the 1960s with the introduction of jet aircraft. Currently 12 airlines operate in the East and Central Africa subregion. They are Air Tanzania, Kenya Airways, Ethiopian Airways, Somali Airlines, Air Zimbabwe, Air Mauritius, Cameroon Airlines, Air Rwanda, Air Zaire, Sudan Airways, Air Malawi and Uganda Airlines.

Additionally, major European airlines along with those from the Middle East and Asia serve the subregion using Nairobi as the hub for operations.

A new airfreight service was started in Nairobi in 1993. German Cargo, a subsidiary of Lufthansa Airlines, concluded an agreement with a new privately owned company - Air East Africa - to have the latter distribute cargo originating from Europe and other worldwide sources to destinations in East and Central Africa. Air East Africa started operating with a Boeing 727 cargo aircraft and is currently delivering to the subregion cargo brought to Nairobi by German Cargo. The two airlines operate compatible aircraft and pallets are transferred directly for distribution.

Kenya Airfreight Handling Limited (KAHL), a subsidiary of Kenya Airways, already has an agreement with 45 scheduled airlines and 47 non-scheduled airlines to handle their cargo in Nairobi. However, little transit cargo is available owing to limitations resulting from traffic rights in regional operations.

2. Transit infrastructure and facilities

(a) Roads

17. The road network used for transit traffic is well developed and is paved all the way within Kenya. It is generally in good condition with ongoing programmes to rehabilitate/re-carpet sections that have deteriorated. Such programmes have in the past been supported by donor agencies, particularly the European Community and the World Bank. Road handles around 75 per cent of the Northern Corridor traffic.

18. Transit carriers must obtain a transit goods licence valid for 30 days at a cost of US$ 200. Currently, the licence is being charged for every entry (but it is also being reviewed). Trucks must also pay toll charges en route.

19. For "high risk" goods, trucks have to travel under police escort. There are minimal charges; but charges for police escort on request are KSh. 30 per hour (maximum 80 hrs). Other transit transporters use a police control form, P27.

20. Truckers must complete the RCTD and obtain a customs transit bond. The third copy of the RCTD is used for cancellation of the transit bonds. Currently, customs require a general bond which is normally rolled over, rather than particular (specific) bonds.

21. There are regulations governing the axle load limits and vehicle dimensions. These conform with both the NCTA and PTA regulations.

22. Transit vehicles must also have valid third party insurance cover. The PTA Yellow Card is accepted.

(b) Rail routes

23. The all-rail route, Mombasa-Nairobi-Malaba-Kampala, currently only serves Uganda traffic among the Northern corridor countries. The infrastructure is old but in reasonably good condition. Some sections, however, require rehabilitation.

24. The Nakuru-Kisumu route has a problem of weak bridges and viaducts and cannot take heavy locomotives beyond class 87. The section has therefore weight restrictions.

25. Transit cargo transported by rail must complete the combined rail consignment note (used by both KRC and URC). Separate payments for the Ugandan and Kenyan segments of the journey and also loading must be made.

26. KRC and URC have an interchange agreement, signed in 1987. The two corporations also have a two-to-one sailing arrangement for the wagon facilities in Lake Victoria (two sailings for Ugandan ferries and one for the Kenyan ferry).

(c) Port of Mombasa

27. The port is equipped with 16 quay berths, 6 deep water lighterage points, a modern container terminal and specialized facilities for handling bulk cargo. A container freight station (CFS) has been established adjacent to the container terminal. The port can handle in excess of 10 million tonnes annually and currently has no capacity constraints.

28. A customs entry form for transit cargo, C34, is completed. Additional documents are also required as proof that goods are in transit. The documents include a letter from a consulate or recognized transporter, certificate of incorporation, copy of passport, etc.

29. Containerized cargo in transit is inspected before being released from the port. The verification is random and is conducted by KPA, the customs and the police. It has been agreed that the level of verification be limited to 10 per cent. New seals (tamper-proof) are added to containers after the inspection. These containers, as well as unopened ones, must not be opened en route.

30. Goods are given four free days on discharge before late documentation charges are levied. On release, two free days are given.

31. Designated sensitive goods moving by road, i.e. the category of goods considered most likely to be diverted to the national economy are moved under police escort from the port to Mariakani, a few kilometres from Mombasa. From Mariakani, police convoys are formed to escort the cargo to the borders.

32. For other transit cargo moving by road, a police control form, P27, is completed at the port by the road transporters. It is stamped at designated police stations en route.

33. The RCTD is also completed before the truck embarks on the journey.

34. The port gives discounts on handling charges for transit cargo. The discounts have been negotiated by each of the land-locked countries on a bilateral basis. There are also preferential storage charges.

(d) Inland container depots (ICDs)

35. The Kenya Ports Authority (KPA), which runs the Port of Mombasa, is also charged with the responsibility of running the ICDs. The ICD at Embakasi, Nairobi, has been in operation for 10 years while 2 other ICDs at Kisumu and Eldoret are complete and awaiting commissioning. The ICDs are linked to the Mombasa Container Terminal by rail and will be served by regular railtainer services run by Kenya Railways, similar to the one currently serving the Embakasi ICD.

(e) Oil pipeline

36. The oil pipeline running from Mombasa to Nairobi has now been extended to Eldoret and Kisumu. The pipeline carries white products to Nairobi and more recently to Eldoret terminal. The latter is significant in that road tankers are now transporting petroleum products from western Kenya to Uganda. The construction of a rail siding for tankers is nearing completion. The Kisumu terminal has not yet been commissioned.

3. Customs facilities and arrangements

37. Customs has no dedicated transit office within the port of Mombasa. However, it makes scheduled document deliveries between its offices in the port and those located in the town (including the customs long-room). A reason cited for not opening a dedicated transit office within Kilindini is the lack of accessibility of such offices within the port area, which is a restricted area.

38. At the port of Mombasa, customs does not release cargo over weekends and limits its working hours to normal working hours (i.e. 8 a.m. to 5 p.m.); while KPA has a shift system and also works over weekends. For customs to provide services outside working hours, users must pay overtime.

39. Likewise at borders, customs restricts its working hours to normal official hours. Overtime has to be paid by transporters when services are provided outside these hours.

40. At the border crossing point at Malaba, facilities have been provided for both outward and inward traffic, a separation that enables quick customs clearance.

41. Customs authorities have also made arrangements for the third copy of RCTD used for security bond cancellation to be moved by courier service from border points to the Mombasa office.

42. Customs regulations require that transit goods imported be shown separately on the ship’s cargo manifest. Such goods are then entered on a customs entry for transit goods (C34).

43. At the port of Mombasa, the documents required to release cargo include the bill of lading, commercial invoice, packing list and port release order. Additional documents may be required, including the import licence, certificate of incorporation, a photocopy of the passport of the consignee or a letter from the consulate or main transporter from the land-locked country.

44. Transit containers are verified by customs, police and port authorities on the basis of the bill of lading.

45. Under the tax modernization programme, a rapid release system has been put in place. Under the programme, verification is to be limited to 10 per cent, with selection being based on intelligence reports. Serialized customs seals are then added to containers which should not be verified again within Kenyan territory.

46. A security bond is required and goods have to be exported within 45 days, extendable only by another 45 days.

47. While goods are in transit by road, they are accompanied by an RCTD and a cargo manifest (C11) if carried by rail. The third copy of the RCTD is used to cancel the bonds.

48. It is expected that customs will soon be mandated to monitor transit cargo flows moving by road en route in place of the current police monitoring, which will be a positive development.

4. Airfreight services

49. The warehousing facilities in Nairobi are run by KAHL. The available warehousing space is fully utilized. As far as transit cargo is concerned, the only major operator, German Cargo, is transferring cargo directly to Air East Africa and the need for storage facilities is minimized. Any cargo requiring storage is kept in warehouses owned by German Cargo in Europe. Both are currently building their own warehouse/offices within the vicinity of the airport.

50. With further liberalization, current facilities are unlikely to be able to cope with increased traffic, particularly if airlines are able to compete for transit cargo coming into or originating from the subregion. Additional warehouses, handling equipment, cold storage facilities and office facilities would be necessary. Computerization facilities would also have to be put in place to track cargo movements.

51. The operation of airfreight services is governed by bilateral agreements between Kenya and other airlines, as well as regional and international agreements to which Kenya is a signatory. KAHL conducts the cargo handling services but the issue of cargo pick-up and distribution by both scheduled and non-scheduled airlines is dependent on traffic rights.

52. Routes beyond the national borders are considered international and rates set for the subregional routes are separate from domestic ones. In addition to the review of traffic rights, harmonized local rates for the subregion are also necessary.

53. Cargo documentation and security to prevent pilferage and diversion of transit cargo to the domestic market are important considerations in transit traffic. At the moment the low level of transit airfreight cargo is well catered for in both areas. An increase in the level of traffic would, however, call for concerted efforts of the airlines, KAHL and the Government to collectively improve security. Likewise customs would have to make available an adequate number of trained officers and institute faster clearance procedures.

5. Actions by the Government and national institutions

(a) Port of Mombasa

54. Following complaints from land-locked countries and recommendations from institutions dealing with transit traffic, such as TTCA and the UNDP/UNCTAD project on transit traffic and support to the transport sector in East Central Africa, the Government has agreed to limit the level of container cargo verification in the port to 10 per cent. This follows an earlier decision to restrict the number of parties involved in the verification process to three, namely customs, KPA and the police. Currently the level of verification has been reduced to around 30 per cent compared to over 50 per cent two years ago.

55. The customs department has also put in place a system of delivering mail twice a day from its long-room located in town to its Kilindini offices within the port. This has reduced delays in the processing of transit cargo documents, even though the ideal situation would be the establishment of the recommended one-stop office at Kilindini.

56. A container freight station, which is expected to be run as an autonomous department of KPA, has been created in the port of Mombasa. This will facilitate the flow of containers (both domestic and transit) as decisions affecting this component of traffic will be acted on without delay.

57. In addition to the infrastructure improvements that have been going on under the port improvement programme funded by ODA, the port has slowly allowed use of innovative methods to improve equipment availability. Its allowing of port users to use their own equipment (consideration being given on a case-by-case basis) is clearly a suitable way of improving port efficiency.

58. The opening of ICDs at Kisumu and Eldoret, in addition to the already operational Embakasi ICD, will enable shippers to issue through bills of lading to these destinations which are nearer the land-locked countries. The construction of the two ICDS is nearly complete and it is expected that they will be operational this year.

(b) Rail services

59. Rail services in Kenya have been seriously constrained by lack of locomotive power in the past two years. However, transit traffic has benefited from cooperative arrangements made between KRC and URC. An arrangement between the two railways has enabled KRC to use hired URC

locomotives for movement of both domestic and transit traffic. KRC has also allowed the use of URC wagons on its network. This has led to the improvement of transit time from around 15 days to 7 days.

60. Towards the end of 1993, KRC and URC also agreed on the running of a block train using URC locomotives between Kampala and Nairobi three times a week, depending on cargo availability. So far, an average of two block trains per week have been successfully operated. This cargo is also run as a block between Embakasi, (Nairobi) and Mombasa, using the already established railtainer service. This measure is expected to attract more cargo for both rail services. KRC has already opened a liaison office in Kampala to facilitate this.

61. KRC and URC have already implemented the combined single consignment note. This can be seen as a first step towards implementation of a single payment for rail services to Uganda.

62. KRC has already scheduled railtainer services between Mombasa and the Kisumu and Eldoret ICDs. The opening of these ICDs will lead to further route choice and also faster transit cargo movements.

63. KRC has also benefited from ongoing economic liberalization in that it has been allowed to operate a foreign exchange account, which it can utilize to purchase urgently needed spare parts.

(c) Road services

64. The Government has assisted road operators, particularly those transporting petroleum products, by suspending the axle load regulations approved in 1991. Their implementation would have curtailed the flow of traffic, as most lorries would either have had to use other routes or undergo expensive modifications. TTCA made an initial request on behalf of its members to have the rules suspended for 2-3 years to enable the operators to prepare for the eventual implementation.

65. In order to assist transit operators, the Government has also introduced non-scheduled police escorts, which operators can hire at the rate of Ksh 30 per hour for a maximum of 80 hours. Two major operators used this service regularly in 1993 to avoid delays associated with the regular police escorts of certain categories of cargo within Kenya.

66. New border facilities at Malaba on the Kenyan side, constructed with the assistance of the European Community, have also now become operational. Currently, vehicles on the Kenyan side can move and be inspected with ease. The full benefits of cargo flows will, however, only be fully realized when facilities on the Ugandan side are upgraded.

67. The Government continues to provide the necessary infrastructure by improving and maintaining roads. Roads used for transit traffic are categorized as high priority roads and are continuously improved through resources generated locally (such as toll charge collections) as well as donor funds. One such road that has been rehabilitated is the Webuye-Malaba section. Improvement of some sections of the busy Mombasa-Nairobi road is also still going on.

(d) Oil pipeline

68. The Government started extending the oil pipeline from Nairobi to the western Kenya towns of Kisumu and Eldoret about three years ago. The Eldoret terminal is already complete, and is being used by road petroleum transporters to ferry fuel to Uganda. This has reduced the distance truckers have to travel within Kenya to procure fuel, hence reducing the damage to the roads. The Kisumu terminal has not yet been commissioned, but is also expected to serve land-locked countries in the region. The provision of fuel facilities at Eldoret and Kisumu also encourages route diversification.

(e) Airfreight services

69. The liberalization of air services, which is being encouraged in the subregion, has resulted in one major carrier, German Cargo, linking up with a private operator, Air East Africa, to distribute transit cargo in the subregion. The benefits of quick cargo transfer are being realized. More benefits could ensue from an improvement in current traffic rights arrangements.

B. Uganda

70. The Ministry of Works, Transport and Communications is responsible for infrastructure and overall policy for all modes of transport. The Uganda Railways Corporation Act specifically regulates rail and lake transport. Bilateral agreements exist between URC, KRC and TRC, which govern rail and lake services between Kampala and the ports of Mombasa and Dar-es-Salaam.

1. Transit routes

(a) General information

71. Uganda uses both the Northern and the Central Corridor for its imports and exports. Most of the traffic, however, goes through the Northern Corridor. Uganda is the biggest user of the port of Mombasa among the land-locked countries, accounting for 57 per cent of the annual total transit traffic.

72. The main routing patterns for Uganda are described below:

All-road route from Mombasa via Busia and Malaba. This is part of the main Northern Corridor road route. More than 70 per cent of Uganda’s international traffic uses this route. The same route is also used by the ZBR countries.

Rail route via Malaba. Most of Uganda’s rail traffic now uses this route since the introduction of a block train service between Kampala and Nairobi. The same route will be used for moving fuel from the newly constructed Eldoret oil terminal. The reduced distance travelled by URC wagons will help improve turnaround times.

Rail/lake route via Kisumu. The rest of Uganda's rail transit traffic on the Northern Corridor uses the wagon ferry service across Lake Victoria from Kisumu to Port Bell. This route will increase in importance once the ICD at Kisumu is commissioned.

Rail/lake route via Mwanza. Uganda uses the rail/lake route via Mwanza as an alternative to the Kisumu and Malaba routes. The EEC block train project has increased capacity for Uganda traffic on this route.

73. Uganda is land-locked but also serves as a transit country for Rwanda, Burundi and eastern Zaire within the Northern Corridor transport system. Most of the transit goods are moved by road, with a negligible amount going by rail via the Kasese rail terminal. Malaba and Busia are the principal border posts through which Northern Corridor traffic passes coming from Kenya. Rwanda- and Burundi-bound traffic then leaves Uganda through the border posts of Gatuna and Kagitumba, while Zaire traffic mainly uses Ishasha and Mpondwe (Kasindi).

(b) Roads

74. The bulk of the road transport services relating to transit traffic are provided by private companies, either international or from the subregion, particularly Kenyan truckers. TRANSOCEAN, a Ugandan parastatal clearing and forwarding agent, has now only a limited number of trucks. Uganda Central Transport and Clearers Limited, which is owned by cooperatives, has in recent years built some transport capacity and is involved in the transport of transit cargo.

75. Road vehicles involved in transit traffic have to obtain an annual customs transit goods licence for US$ 200 and foreign trucks must purchase a temporary licence for US$ 200 which is valid for one month. Transport tariffs are freely negotiated by the parties.

76. Road conditions have improved on the Ugandan section of the Northern Corridor following the completion of various road rehabilitation projects funded by the European Community, the World Bank, the African Development Bank and bilateral donors. Uganda is now concentrating on enhancing road maintenance and its financing. A four-year main roads maintenance programme covering fiscal years 1994/1995-1997/1998 has been drawn up, covering all aspects of highway maintenance, investment and capacity-building. As part of the programme, a road maintenance fund will be established to finance the annual maintenance budgets.

77. Axle load control measures are being instituted in Uganda following the commissioning of a weighbridge at Nakibizi near Jinja. Another two weighbridges will soon be operational at Namutere and Lukaya along the Northern Corridor.

(c) Rail sector

78. For the carriage of transit traffic which crosses the lake, URC uses three wagon ferries each having a capacity of 840 tons. URC recently commissioned a new wagon ferry terminal at Port Bell and a 9 km rail link to

Kampala. Wagon ferries from Kisumu and Mwanza now call directly at Port Bell instead of Jinja as was the case previously. This has led to a reduction of transit time.

79. Uganda has waived the current requirement that all exporters transport coffee by rail. Under the new policy, which came into force on 1 January 1994, coffee exporters are free to choose the mode of transport to the ports. Most of the coffee exporters prefer rail to road transport, however, and one of the immediate effects of the liberalization of the coffee industry has been an increase in the use of containers. In this regard, URC is negotiating with shipping lines with a view to having empty containers received in Kampala for exports.

80. URC is currently undergoing changes in accordance with a performance agreement signed with the Government in January 1994. Under this agreement, URC will no longer enjoy subsidies and will have to become commercially viable. The amount of cargo carried by URC during 1993 was 486,000 tonnes, which was a significant improvement on the figure of 364,000 tonnes for 1992 (see Annex III).

81. Specific examples of recent developments in the rail sector in Uganda are given below:

- operation of a regular block train service between Kampala and Nairobi using Ugandan locomotives;

- increase of container handling capacity in URC through conversion of 150 obsolete covered goods wagons into container-carrying flat wagons. Currently 75 wagons have been converted and are available for traffic;

- implementation of the single consignment note, which enables customers to deal with one railway company. The former East African Railways Corporation used a single document for through booking and payment of both rail and lake services. KR and URC have started using the standard railways combined consignment note, invoice, advice and delivery note. It is expected that TRC will soon start using the same document;

- posting of KR and TRC representatives to Kampala;

- increased transportation of fuel products. URC has entered into contracts with the major oil companies for the movement of petroleum products. The extension of the Kenya oil pipeline to Kisumu and Eldoret will greatly reduce transit distances and times.

2. Transit procedures

82. The Uganda Revenue Authority (URA) has introduced new customs control measures for transit traffic with effect from 18 April 1994, replacing the bi-weekly convoy system through Uganda to the different borders. The aim is to reduce the restrictions upon secure vehicles so as to give the operators greater freedom to move at their own pace. According to the new regulations, all cargo vehicles and trailers, and containers, in transit through Uganda

must be securely enclosed, be capable of being sealed and be sealed by Uganda customs before they can be accepted for carriage of transit goods through Uganda. Secure and sealed cargo containers will not normally be opened for internal examination, either at first arrival or at exit points, but the customs administration reserve the right to do so in certain circumstances.

83. Transit vehicles will be required to follow approved routes and will not be allowed to diverge from these routes without customs permission. Vehicles will stop at "reporting stations", report their arrival and obtain a stamp on the transit log sheet issued at the port of entry into Uganda. The approved routes are among those specified in NCTA Protocol No. 2. URA has put in place a radio communication system which will assist in monitoring the flow of transit traffic.

84. At present it is mainly Zaire which uses Uganda as a transit route but the situation will change when the Rwanda/Uganda border is reopened to traffic. It is expected that a significant part of the Rwanda and Burundi traffic will then revert to the Northern Corridor route through Uganda. It is therefore important for transit procedures to be streamlined before there is an upsurge in traffic.

85. It should be noted that the Malaba border post on the Kenya/Uganda border carries the heaviest road traffic on the Northern Corridor. The facilities on the Kenyan side have greatly improved following the completion of new facilities funded by the European Community. The facilities on the Ugandan side are inadequate, however, and will require improvement before the benefits of improvements on the Kenyan side can be enjoyed. Furthermore, the proposal to introduce a joint customs control system involving the exchange of customs officers between Kenya and Uganda would be difficult to implement with the present dispersion of offices in Malaba (Uganda).

86. The Government of Uganda intends to upgrade the Malaba border post to internationally accepted standards with assistance from ODA and the European Union. The proposed improvements to the Malaba station will be expected to achieve the following objectives:

(a) improvement of statistical data collection from a revenue collection point of view.

(b) improvement of the throughput time.

C. <u>United Republic of Tanzania</u>

87. The Ministry of Works, Communications and Transport is responsible for sectoral policy while Tanzania Harbours Authority is responsible for ports. The Tanzania Railways Corporation Act regulates rail and marine transport on the Central Corridor to Kigoma and Mwanza ports. Tanzania Railways Corporation has operational agreements with Uganda and Kenya Railways governing rail and marine services. TAZARA on the other hand, handles rail traffic to and from Zambia.

1. Transit routes

(a) General information

Rail/lake route via Kigoma. This is the traditional route for ZBR cargo. During the 1960s and 1970s Rwanda ceased to use the route and concentrated its traffic on the Northern Corridor.

All-road route to ZBR. Road transport from Dar-es-Salaam to ZBR has only recently developed. Trucks to Rwanda use the route Dar-Dodoma-Singida-Lusahunga-Rusumo Falls-Kigali. Trucks to Burundi branch off at Nyakahura, which lies between Lusahunga and Rusumo and then cross into Burundi at Kobero.

Rail/lake route via Mwanza. The rail/lake route via Mwanza to Uganda began operations in 1986/1987 using URC wagon ferries. The route comprises the 1229 km Mwanza line of TRC and a ferry service across Lake Victoria to Port Bell.

(b) Port of Dar-es-Salaam

88. The first phase of the port modernization project has been completed. The second phase of the project, which will expand the container handling area, will be completed by September 1994. The total investment in the project is US$ 300 million. The main objective of the project is to increase the physical, managerial and operational capabilities of the Tanzania Harbours Authority to meet the traffic volumes and technological changes of the 1990s and beyond. At the end of the project period the port of Dar-es-Salaam will be able to provide a more reliable and cost effective transport link for neighbouring land-locked countries. The port project is linked to a major national project which includes improvements to roads and railways. There are no foreseeable capacity constraints and the main concern of the port authorities and of the Government at large is that Dar-es-Salaam will now have to compete with other seaports for transit traffic and in particular with South African ports for Zambian and Malawi cargo.

89. The port is equipped with two ship-to-shore gantries, six rubber-tyred gantries and one rail-mounted gantry, all in serviceable condition. The average equipment availability is 75-80 per cent. Annex IV gives traffic statistics for the port of Dar-es-Salaam.

90. The following are some of the facilities provided for transit traffic:

- Goods are granted 15 days free when they are unloaded at the Port of Dar-es-Salaam;

- At the berth number 1, run by the Agence maritime internationale (AMI) cargo is not charged any wharfage, storage charges or penalties by the harbours authority. AMI charges concessionary rates to ZBR cargo cleared by other clearing and forwarding agents, but not for the cargo it clears;

- All shipping documents are routed through the National Shipping Company (NASACO), which forwards the cargo manifest to customs and the Tanzania Harbours Authority;

- Land-locked countries are allowed to own cargo yards within the port area;

- If cargo-handling equipment is not available, operators are allowed to use their own equipment;

- Clearing of transit cargo (documentation) is done within the port area;

- Containers with original seals are not opened.

(c) Kigoma port

91. Kigoma port is an important modal point on the rail/lake route from Dar-es-Salaam to ZBR. It is used by Burundi and Zaire. The Belbase at Kigoma is managed by AMI and port users are required to pay US$ 9 per ton for cargo handling. The port itself has recently been rehabilitated and, in order to improve handling facilities, TRC has obtained a container stacking crane through Belgian financing.

(d) Rail sector

92. The United Republic of Tanzania has two rail systems. The Tanzania-Zambia Railway (TAZARA) is used for transit cargo destined for southern African countries. In the eastern African subregion, the TRC network is used for ZBRU cargo. Uganda cargo uses the TRC line that branches to the Lake Victoria port of Mwanza. ZBR cargo uses the TRC line running from Dar-es-Salaam to Kigoma, as well as the Isaka terminal.

93. The Isaka transshipment terminal is now operating, although the second phase of construction is still under way. The terminal provides facilities for container and general cargo rail to road interchange. The TRC investment includes a container stacking yard and a small warehouse for 3,000 tonnes of bulk cargo. The second phase will increase the storage capacity to 6,000 tonnes. There is also a privately owned fuel depot serving Rwanda and northern Burundi. Most of the cargo passing through Isaka consists of imports, with an insignificant quantity of exports. The combined rail-road service will only be attractive if TRC ensures that transit delays are minimized. At present Isaka is congested because there is no traffic moving to Rwanda.

94. The United Republic of Tanzania has one ferry, MV Umoja, which is used for international traffic on Lake Victoria. There are also some oil barges that can be used to ferry fuel from Mwanza. Lake services are run by the Marine Department of TRC, which is currently being run independently of the rail operations (i.e. it has acquired a semi-autonomous status).

95. Lake facilities at Kigoma are run by AMI under a management contract, but TRC also has two passenger/cargo vessels and one marine tanker. Other vessels in Lake Tanganyika are owned by Burundi and Zaire companies.

96. There is an ongoing railways restructuring project (RRP) in TRC supported by various donors. The overall efficiency of TRC will be enhanced by the RRP,

which is addressing operational problems, reorganization of TRC, rehabilitation of infrastructure, locomotives and wagons, training and technical assistance.

97. There have already been significant improvements in transit times on the Central Corridor since the introduction of the block train services using locomotives and wagons procured with financing from the European Community. TRC has been able to achieve the target transit time of 48 hours for Dar-es-Salaam to Kigoma. The same performance has been achieved on the Mwanza route serving Uganda. The total ZBRU traffic by rail increased by 50 per cent from 206,000 tonnes in 1992 to 320,000 tonnes in 1993 (see annex V).

98. It is clear that there will be competition between road and rail transport because of the expected improvements to the Central Corridor road network. It is, however, important that the Government create a level playing field. For instance, TRC is indirectly subsidizing road transport by paying the road maintenance fuel levy on every litre of diesel fuel purchased for running locomotives.

(e) Roads

99. Transit services are provided by private road hauliers, both international and regional, as well as national hauliers from the neighbouring land-locked countries. A substantial amount of cargo is carried by road to ZBR countries but only a limited amount to Uganda.

100. Road hauliers transporting cargo must obtain a transit goods licence. They also have to pay border charges. Recently the authorities have introduced single-window transit payments recommended by the PTA but at double the recommended level, i.e. US$ 6 per 100 km for single fixed-axle trucks and US$ 16 per 100 km for all higher categories of trucks.

101. At the time road transport was picking up on the Central Corridor, the major constraint was the poor condition of roads in the United Republic of Tanzania. Transport infrastructure had reached such a level of deterioration in the 1980s that it became a serious hindrance to the Government's efforts to revive the economy. Because of the large backlog of rehabilitation and maintenance needs, the donor community intervened by financing the integrated roads project (IRP). Through this ongoing project, the problem of poor road conditions is being solved. The project has already brought about substantial improvements to the Central Corridor road route to Rwanda and Burundi.

102. The road improvement strategy for the second phase of IRP, which is currently being negotiated, is to bring the entire Central Corridor route up to bitumen standard. This includes the road from Dodoma to Mwanza via Nzega. Furthermore, the Government is improving the Lake Circuit Corridor, which connects with the Kenyan road network to the north east and Uganda in the west. A section of this Corridor from Sirari to Lusahunga is being used by Rwanda and Burundi traffic to and from the port of Mombasa, due to the temporary closure of the Uganda/Rwanda border on the traditional Northern Corridor route. The 104 km road from Sirari to the Musoma junction is being upgraded to bitumen with financing from the European Union, the completion date being 1996. The entire 270 km stretch from Usagara to Lusahunga is being reconstructed to engineered gravel with World Bank funds and the expected

completion date is 1994. The African Development Bank is financing detailed studies on the 296 km Lusahunga-Mutukula road with a view to upgrading it to bitumen standards. So far no funds have been secured for construction work but under the second phase of IRP bitumenization of the 80 km Bukoba-Muleba section will be carried out.

103. The Government will soon purchase new mobile and fixed weighbridges to replace the existing ones under the IRP. The main objective of this move is to protect the rehabilitated roads by controlling overloading. In addition, the Government has created a special unit for supervising axle load control measures. One of the first tasks of the unit will be to revise the Road Traffic Act and to introduce on-the-spot fines for offenders.

104. It should be noted that donors are very concerned that governments are spending substantial sums of money to rehabilitate roads which are later damaged by overloaded HGVs. All future donor funding for road projects will require a firm commitment from the Government regarding axle load control measures.

2. Transit procedures

105. The transit procedures for road traffic through the port of Dar-es-Salaam, unlike the Northern Corridor, are relatively straightforward. In the first instance, a truck must be licensed to carry transit cargo. Once this condition is satisfied, all the customs documentation including the RCTD is completed within the port. For large consignments a master RCTD is prepared for moving the cargo out of the port and thereafter supplementary RCTDs are prepared for each truck-load using the same master number. There is no escort system in the Central Corridor but transit bonds are used for sensitive cargo. For certain approved forwarders, transit goods are carried under a transit pass which is cancelled when the goods leave the United Republic of Tanzania. It should be noted that the decision whether or not to execute a bond is at the discretion of the customs officer. Another advantage of the Central Corridor is that transit containers are not opened unless the seals have been broken or tampered with.

106. As part of the new financial liberalization policies, the Government has with effect from 1 April 1994 withdrawn the TT2 form of the Central Bank which was previously used for monitoring foreign currency earnings from transit traffic. Transit operators have been allowed to open foreign currency accounts and are now required to complete a new I.N. form for declaring foreign currency receipts for services. Whereas the TT2 forms used to be filled at the ports, the I.N. form is completed at the commercial banks and is therefore no longer seen to be a constraint to transit traffic.

3. Funding of road maintenance

107. With regard to maintenance funding in the United Republic of Tanzania, the long-term policy is to aim for full funding from user charges for all modes of transport. Revenues for road maintenance are being collected from road users mainly through the imposition of a levy on fuel consumption, which is deposited into a dedicated roads fund. This system was started in 1992, at which time T Sh 5 were collected per litre of petrol or diesel sold. At present T Sh 30 are collected of which T Sh 20 are allocated to trunk roads,

T Sh 5 to district roads and T Sh 5 to Dar-es-Salaam roads. The total amount of money that will go into the road fund in 1994 is estimated at T Sh 8.6 billion. This amount is still lower than the overall requirements. For example, the budget for 1995 is T Sh 14.6 billion. Since the IRP got under way, the Government contribution to the maintenance budget has been steadily increasing. The agreement between the Government and donors is to have full government funding of road maintenance by the end of the IRP second phase.

108. It is interesting to note that vehicle operating costs (VOCs) in the country are already coming down. Surveys of road users after completion of road improvements indicate that VOC reductions can approximate to 25-30 per cent in fuel costs alone. At the same time, operators report vehicle maintenance cost reductions ranging up to 50 per cent.

D. Burundi

1. Transit routes

109. Burundi mainly uses the Central Corridor for its international traffic. It is estimated that 75 per cent of Burundi's imports and exports are transported along the Central Corridor compared to 20 per cent along the Northern Corridor. A third corridor which is gradually gaining importance is the Southern Corridor. Through this route, imports from southern Africa, which include cement and sugar, are transported across Lake Tanganyika from Mpulungu and Kalemie to Bujumbura. Depending on the success of this route, Burundi could eventually handle goods in transit to Rwanda and Uganda from Southern Africa.

General information

Rail/lake route via Kigoma. The route most utilized for Burundi cargo is the 1,254 km central railway line of TRC to the port of Kigoma, with transshipment to barges and final delivery to the port of Bujumbura. It is estimated that 65 per cent of Burundi's international traffic uses this route.

All-road route between Dar-es-Salaam and Bujumbura. Road transport between Dar-es-Salaam and Bujumbura has increased in recent years. Trucks use the route Dar-Singida-Lusahunga-Nyakahura-Kobero-Bujumbura. This route is mainly used for transporting coffee exports.

All-road route between Mombasa and Bujumbura via Mwanza. Burundi still uses the Northern Corridor for 20 per cent of its international traffic despite the fact that the traditional route through Uganda and Rwanda has been closed since October 1990. Burundi traffic along the Northern Corridor uses an alternative route through the United Republic of Tanzania via Mwanza and Kobero. In terms of distance, the alternative route is approximately the same as the main route through Uganda. The principal export commodity transported to Mombasa is tea, while imports include petroleum products collected from the Nairobi terminal and a variety of goods manufactured in Kenya.

2. Transit infrastructure and facilities

(a) Roads

110. The road network within Burundi is in good condition. The road from Bujumbura to the Rwanda border has recently been rehabilitated with assistance from the European Community. The road linking Bujumbura to the border with the United Republic of Tanzania has also been improved, including the construction of modern lorry parking facilities at the border post of Kobero.

(b) Port of Bujumbura

111. The port of Bujumbura has the capacity to handle at least 400,000 tons per annum. Various projects to improve the port have been completed and no additional capacity will be required in the foreseeable future.

112. Transport services are currently being provided by private road hauliers, both international and regional, following the collapse of OTRABU, which was a parastatal road haulier operating in both the Northern and Central Corridors. Burundi-registered trucks provide the bulk of road transport services.

113. Lake transport between the port of Kigoma and the port of Bujumbura is largely provided by ARNALOC, which is a private company. Other private companies are also providing lake services between Bujumbura and Mpulungu in Zambia for cargo going to and coming from southern Africa.

114. Some Burundi cargo is transported by TRC to the port of Kigoma, the bulk being handled by AMI. Insurance services were in the past restricted to use of SOCABU, a parastatal company. Private companies have however now been allowed to insure import cargo. Private companies such as ARNALOC own facilities on Lake Tanganyika.

(c) Physical constraints

115. Burundi is affected by poor road conditions on the Central Corridor. A case in point is the 80 km road from Nyakahura to Kobero, which lies within the territory of the United Republic of Tanzania. This road is unpaved and of little strategic importance to that country. The road is currently being maintained by Burundi until such time as an upgrading project is undertaken by the United Republic of Tanzania or as a joint venture with Burundi.

(d) Operational constraints

Road

116. Truckers going to Burundi through the Northern Corridor are also affected by the use of the Mwanza route and have to make one trip per month.

Truckers using the Central Corridor also suffer from the poor road infrastructure, with operations becoming more difficult in the wet season;

The Central Bank intervention leads to difficulties in operations, and higher operational costs;

The axle load limits in Kenya, affecting petroleum carriers, will affect transit transport to Burundi. This is likely to happen in the Central Corridor when measures are also introduced there.

Lake services

117. Within Lake Tanganyika, the capacity to transport fuel is limited. Again fuel transport to Kigoma is under the control of Tanzanian oil companies, which makes it difficult for Burundi companies to get adequate supplies at all times, despite costs being considerably lower relative to road routes via Dar-es-Salaam or Mombasa. There are erratic delays in the rail/lake route to Kigoma, which are associated with the interface and operational constraints within TRC.

(e) Other

118. Insurance services were in the past restricted to use of SOCABU, a parastatal company. Private companies have, however, now been allowed to insure import cargo. Private companies such as ANALOC own facilities on Lake Tanganyika.

3. Regulatory framework

119. International transport in Burundi is mainly by road and rail/lake. The Ministry of Transport, Posts and Telecommunications determines sectoral policy and at one time owned a parastatal transport company, OTRABU, which had a monopoly on road transport along the Northern Corridor but which has recently been wound up. No particular conditions are imposed upon transporters, whose activities are governed by demand and supply with the exception of strategic imports and exports such as fuel and coffee, for which the Ministry of Commerce sets transport tariffs. International transport is paid for in local currency (FBu) but national transporters are allocated a fixed amount of foreign currency by the Central Bank to meet costs incurred in transit countries for fuel, road tolls, insurance, crew expenses etc. Foreign transporters are also paid in local currency and do not benefit from any foreign exchange (forex) allocation from the Central Bank. Foreign transporters only receive a forex allocation when there are no national trucks to transport the cargo. In addition, foreign trucks are required on entry to pay a US$ 64 transit fee and an entry fee of FBu 400. They are also required to have a valid third party insurance cover.

4. Transit policies

120. Burundi attempts to exert transit control through Central Bank intervention. Foreign trucks are allowed foreign exchange only when Burundi trucks are not available. Payment for services must be in Burundi francs.

121. Foreign trucks have to pay both transit charges and border charges. Burundi trucks have to pay exit fees. Burundi has also passed a regulation relating to axle load limits and vehicle dimensions that is in conformity with the NCTA and PTA regulations. Valid third party insurance cover is also required.

5. Customs procedures and documentation

122. The RCTD has replaced other customs transit documents and has to be lodged with the customs on entry/exit together with other trade documents, for example, commercial invoices. The Central Bank allocates import licenses and fixes routes for imports.

6. Miscellaneous

123. Burundi, like other land-locked countries, has attempted to diversify its route use as well as build enough transit capacity. Through Central Bank intervention, it has determined the routes to be used by transporters.

124. It also has an agreement with the Tanzanian Government allowing it to build a terminal at Dar-es-Salaam.

125. Burundi is likely to make extensive use of the Isaka terminal once it is built by TRC. Initial reluctance to use the terminal was due to envisaged management problems, were the facility to be developed by Rwanda.

126. Burundi cargo is cleared at a centralized area in Bujumbura. However, the Government is slowly developing facilities for customs clearance elsewhere. In addition, containers have in the past had to be opened and stripped at the port of Bujumbura for better customs revenue control. This is currently not strictly enforced.

E. Rwanda

1. Transit routes

127. Rwanda is almost totally dependent upon trucking for its international transport and therefore mainly uses the all-road routes to Dar-es-Salaam and Mombasa. A small quantity of fuel is moved by rail from Dar-es-Salaam to Isaka from where transshipment to road transport takes place. In general, 70 per cent of Rwanda’s imports pass through Mombasa. Almost 100 per cent of exports pass through Mombasa.

General information

All-road route between Dar-es-Salaam and Kigali. Road transport from Dar-es-Salaam to Kigali uses the route Dar-Dodoma-Singida-Lusahunga-Rusumo Falls-Kigali.

All-road route between Mombasa and Kigali via Mwanza and Rusumo Falls. This is the most utilized route for Rwanda at present. Road conditions along this route are steadily improving due to the intervention of donors such as the European Community and the World Bank.

All-road route Between Mombasa and Kigali via Gatuna and Kagitumba. These are the traditional Northern Corridor road routes but they are not being used due to the temporary closure of the Uganda/Rwanda border. Most of the Rwanda traffic currently using the alternative route via Mwanza is expected to revert to the Gatuna or Kagitumba routes immediately the border is reopened.

2. Transit infrastructure and facilities

(a) Roads

128. The quality of the road infrastructure within Rwanda has been improved considerably since 1980. Rwanda is well connected to the borders of Burundi, Uganda, the United Republic of Tanzania, and Zaire.

129. The development of Isaka as a rail/road interchange terminal is partially complete. The block train project funded by the European Community has speeded up development of Isaka thanks to the fact that the road from Isaka to the Rwanda border is already in a good condition.

130. Transport services are provided by national registered companies such as STIR, which is a parastatal, and private companies both locally owned and international. Foreign trucks can only carry cargo when subcontracted by Rwandese registered firms, and have to pay a commission to these companies. Rwandese trucking companies use both the Central and the Northern Corridors.

131. Transit cargo destined for Rwanda is checked and cleared at the MAGERWA depot before distribution. Cargo destined for neighbouring land-locked countries uses RCTD and does not use the depot.

132. The Ministry of Transport and Communications defines sectoral policy while the Ministry for the Economy sets international transport tariffs. Central Bank involvement is through the allocation of forex for transport and imports and the approval of import licences.

133. International transport can only be arranged through approved transport companies, which in turn can subcontract at a 5 per cent commission to other transporters. Foreign trucks can only be used when there are no Rwandese trucks available. The Government has set maximum tariffs for dry cargo and POL (petroleum, oil and lubricants) which vary between US$ 180 and US$ 202 per tonne.

134. Since the Ministerial Order of 6 January 1989, certain requirements have to be inset at two levels in order to conduct international transport. At the first level a transporter must either be a Rwandese citizen or, in the case of a company, 51 per cent share ownership must be Rwandese. In addition, he must have at least two trucks, a parking lot, maintenance garage and guaranteed operational and financial capacity in transit countries. At the second level, to be able to issue subcontracts to both Rwandese and foreign trucks, the transporter must be a registered company with a minimum paid up capital of RF 100 million (approx. US$ 1.2 million), and must have a fleet of at least 20 trucks and offices in transit countries and the ports. Currently, STIR, SOGETTI, INTERFREIGHT, TRANSITRA, and OSOTRACO meet these requirements and issue subcontracts to other transporters at a 5 per cent commission. Foreign trucks are required to pay a transit fee of US$ 152 and an entry fee of RF 200, in addition to having a valid insurance cover.

135. Rwanda offers duty-free fuel for Rwandese registered trucks engaged in international transport. This is limited to 3,000 litres when leaving the country or 400 litres when entering.

136. Rwanda charges both transit charges and border charges to transporters transiting Rwanda. Third party insurance is also required, the PTA Yellow Card being acceptable.

(b) Other

137. Rwanda has deliberately tried to diversify its transit routes, by building capacity in both the Northern and Central Corridors. It has obtained plots in both Dar-es-Salaam and Mombasa, where it has hopes of building its own depots. In addition, it has negotiated with the Tanzanian Government and donors to build a cargo terminal at Isaka in the United Republic of Tanzania. This terminal would lead to development of a cost-effective rail/road mode of transport for ZBRU countries. Tanzanian institutions have, however, been developing the facilities owing to Rwanda’s failure to reach agreement with users.

138. Rwanda has used Air Rwanda to transport coffee during periods of traffic disruption. For this to succeed, it developed an air transport policy by which all high-value cargo from Mombasa had to be airlifted in order to provide return cargo for the Boeing 707 used to transport coffee.

(c) Physical constraints

Kagitumba-Uganda road link

139. In 1988, Rwanda paved the road from Kagitumba to Kigali and expected Uganda to do the same for the 29 km Ntungano-Kagitumba road. This section, however, is still unpaved and is in a poor condition. Transporters prefer the Kagitumba route for heavily laden trucks because of the steep gradients on the Gatuna route. At present both routes are closed. However, the issue of the Kagitumba link will have to be addressed as a matter of priority.

Gatuna Bridge

140. The destruction of the Gatuna Bridge is a serious constraint because, even if the border was reopened, heavy goods vehicles would not be able to cross until the bridge is restored.

(d) Operational constraints

Road

141. The current route in use in the Northern Corridor has lengthened the vehicle turn-round time. The truckers can only make one trip per month when they use the Mwanza route, owing to its poor physical conditions.

The poor road conditions also increase operational costs, e.g. costs of spare parts as maintenance needs increase and payments for drivers and loaders, who have to be paid despite the reduced number of trips;

In the Central Corridor some sections become impassable during the rainy season and hence operations have to be stopped temporarily;

The Central Bank intervention restricts operations and adds to overall costs;

The axle load limits on fuel trucks in Kenya, if enforced, will make operations more difficult and could disrupt supplies.

3. Customs procedures and documentation

142. The RCTD has replaced other customs transit documents and has to be lodged on entry/exit together with commercial invoices. A guarantee in the form of a bond also has to be provided and is released after the third copy of the RCTD has been returned to the customs office of entry. Transit goods no longer have to go through MAGERWA, which is now restricted to local imports. Formalities and procedures are therefore completed at border posts.

F. Zaire

1. Transit routes

143. Zaire has direct access to the sea through the port of Matadi on the Atlantic Ocean but the eastern part of the country can be considered as functionally land-locked. Eastern Zaire is served by both Mombasa and Dar-es-Salaam ports. The use of the port of Mombasa has been on the increase since 1980 when the traditional route for imports and exports and particularly coffee exports was changed from the Dar-es-Salaam route to the Northern Corridor. There is an imbalance between exports and imports and as a consequence, trucks delivering Zairian exports to Mombasa return with imports for Rwanda and Burundi. Alternatively Zairian Coffee exports are delivered to Kampala where they are transferred to trucks going to Mombasa to collect Uganda's imports.

General information

All-road route from Mombasa via Uganda. At present about 80 per cent of Eastern Zaire's international traffic uses the Northern Corridor road route via Uganda. The traffic currently passing through Uganda is bound for major towns such as Goma and Beni. Before the closure of the Uganda/Rwanda border, some of the Goma-bound traffic used to transit through Rwanda because of the better road network on that route.

All-road route from Mombasa via Mwanza. A small quantity of traffic going to Bukavu uses the all-road route via Mwanza and Kigali.

Rail/lake route via Kigoma. Some of the international traffic bound for to Kalemie and Bukavu uses the Kigoma route on the Central Corridor.

2. Transit infrastructure and facilities

(a) Roads

144. Zaire is connected to the main Northern Corridor road network by links from Bukavu, Goma and Beni to Rwanda and Uganda. A significant development in Eastern Zaire is the project to upgrade the 360 km road from Goma to Beni, which will improve the accessibility of coffee-growing areas.

(b) Railways

145. There is no railway system in eastern Zaire but goods to and from Mombasa used to move by rail via the Kasese terminal in Uganda which is 176 km from Beni and 296 km from Goma. Traffic on this route stopped in the mid-1970s but there is strong interest in reviving it once rehabilitation is completed.

(c) Suppliers of transit services

146. Most of the cargo from the subregion, mainly coffee, is handled by the four approved road transporters: TMK, AGETRAF, LIWALI and AMIZA. They are, however, allowed to subcontract. Private hauliers, international or regional, also negotiate with importers for cargo deliveries, hence there is a sizeable amount of cargo handled by private companies.

147. Some cargo moving along the Central Corridor uses the TRC rail network up to the port of Kigoma, from where it is ferried across the lake mainly to the port of Kalemie. This includes cargo cleared by AMI in the port of Dar-es-Salaam.

148. Some private firms registered in Zaire take cargo across Lake Tanganyika.

(d) Physical constraints

149. The main road network in eastern Zaire is generally in poor condition, because the roads linking eastern Zaire to the Northern Corridor were never designed for HGVs. The upgrading and rehabilitation of roads is therefore essential to improve transport in the region. The roads requiring urgent attention are:

Ishasha	- Goma	136 km
Kasindi	- Beni	83 km
Beni	- Bunia	200 km

(e) Operational constraints

Road

150. Transit operations are handicapped by the poor road network and restricted by the fact that only approved transporters are entitled to transport coffee or subcontract other national or foreign transporters.

3. Regulatory framework

151. The Ministry of Transport and Communications, through its regional divisions in Goma and Bukavu, is responsible for the planning and development of international transport while the Ministry of Commerce provides registers and identification numbers for vehicles. The Central Bank intervenes in the allocation of forex to cover transit costs such as fuel, road tolls, insurance and crew expenses. Local transporters must be licensed by customs to carry bonded goods and there are four approved transporters, namely, TMK, AGETRAF, LIWALI and AMIZA. TMK and AGETRAF have a monopoly over the transport of

coffee but can subcontract. Foreign transporters are free to negotiate directly with importers. Transporters have to purchase annual road licences and an annual transit permit. In addition Zaire-registered trucks have to pay an exit fee while foreign trucks pay an entry fee of US$ 100. They are also required to have a valid insurance cover.

4. Transit policies

152. In Zaire several road operators are approved to handle transit cargo. Foreign truckers can be subcontracted to carry transit cargo, but even then have to obtain the transit permit and pay the transit operator's fee.

153. Despite the fact that the PTA Yellow Card is not legally recognized in Zaire (as it is not a member of PTA) third party insurance cover is required.

154. Zaire is a signatory to the NCTA and is bound by regulations covering transit traffic operations in the Northern Corridor.

155. In the Central Corridor, Zaire, together with Rwanda and Burundi, is legally entitled to benefit from the operations of the Belbase facilities. AMI as a concessionaire facilitates overall ZBR cargo.

5. Customs procedures and documentation

156. The RCTD is applicable to transit goods and has to be accompanied by a bordereau en douane. A guarantee in the form of a bond has to be provided to cover goods in transit. Customs procedures and formalities are completed at border stations.

III. SUB-REGIONAL TRANSIT TRAFFIC ARRANGEMENTS

A. Central Corridor

157. Transit routes and procedures along the Central Corridor are informally based on the Belbase convention of 1921, with subsequent amendments, concluded between the United Kingdom and Belgium after the First World War. Under the arrangement AMI was given the franchise of ownership and management of berth No. 1 at Dar-es-Salaam port and Kigoma port on Lake Tanganyika. ZBR cargo consigned through the Belbase enjoyed remission of wharfage and storage charges and was exempt from posting security bonds for transit cargo and means of transport. Despite the nationalization of the Belbase by Tanzania in 1971, AMI continues to act as agent of the Government. It should be noted that this preferential treatment is accorded to ZBR cargo consigned through AMI, which today has fallen to less than 50 per cent of all ZBR transit traffic. Negotiations over the Belbase have stalled, largely due to the failure of the parties to agree on compensation, and legal uncertainties remain unresolved.

158. Exemption from customs security for transit goods has also been extended to Zambian traffic by ZAMCARGO and Ugandan traffic handled by Transocean and Cargolux. However, because of the increasing incidence of diversion and customs fraud, the concessionaires are now requested to post bond in respect of a certain category of goods that are deemed to be of high risk.

159. The Central Corridor does not have an institutional framework for facilitating transit traffic as the Northern Corridor does. A UNDP/UNCTAD-sponsored customs and trade facilitation seminar, held at Dar-es-Salaam in January 1994, made a strong recommendation to the Government for the formation of a coordinating body for transit traffic on the Central Corridor comprising government and private institutions dealing with transit traffic policies and operations. The recommendation was accepted and it has now been decided that the new body will be chaired by the Director of Planning and Research of the Ministry of Works, Communications and Transport. The Tanzania Shippers Council will provide secretariat services. It is important for the secretariat to be well funded and there will be a need for technical assistance to start up the activities.

160. It should be noted that the main suppliers of transit services in the United Republic of Tanzania (TRC, THA and NASACO) are already working towards joint marketing of the Central Corridor and will soon be able to offer a complete transit package at competitive rates.

B. Northern Corridor transit arrangements

161. The Northern Corridor may be defined as the transport infrastructure and facilities in East Africa served by the port of Mombasa in the Republic of Kenya. The need for an efficient transit transport system was the main subject of discussion between the countries users of the Northern Corridor and the European Community at a meeting held at Brussels in November 1980. Regular consultations continued thereafter with the encouragement and support of the European Community and UNCTAD, culminating in the signing of the NCTA in 1985 by the Governments of Burundi, Kenya, Rwanda and Uganda. Zaire acceded to the Agreement in 1987. The NCTA subsequently led to the establishment of the Transit Transport Coordination Authority (TTCA), which is responsible for matters related to transit policy and operational coordination of transit traffic. The TTCA is composed of the ministers responsible for transport matters in each of the contracting parties, assisted by:

(a) An executive board, composed of the permanent secretaries of the ministries responsible for transport or their appointed representatives;

(b) A permanent secretariat based at Mombasa, Kenya.

162. The contracting parties to the NCTA agreed to take all necessary measures:

(a) For the expeditious movement of traffic and for the avoidance of unnecessary delays in the movement of goods in transit through their territories;

(b) To minimize the incidence of customs fraud and avoidance;

(c) To bring about simplification and harmonization of documentation and procedures relevant to the movement of goods in transit.

163. The NCTA is modelled on the European TIR system and is composed of nine protocols covering maritime port facilities; transit routes and facilities;

customs control; documentation and procedures; transport by rail of goods in transit; transport by road of goods in transit; handling of dangerous goods; facilities for transit agencies and employees; and third party motor vehicle insurance.

164. The UNDP/UNCTAD project, in carrying out its activities, has been assisting the TTCA to implement some of the protocols. It has also recommended areas where amendments should be made.

C. Customs Control, documentation and procedures

1. General

165. Protocol No. 3 governs the customs control of traffic in transit in the Northern Corridor. It contains provisions regarding duties and taxes, customs security, sealing of transport units and specification of transit routes and customs offices in each contracting party. Other sections describe the formalities to be fulfilled at the customs offices, and lay down rules for mutual assistance and provisions for storage facilities. Protocol No. 4 contains provisions related to the documents to be used in the NCTA, and to international documents and standards relevant to transit trade and transport within the Northern Corridor member States.

166. Before the signing of the NCTA, 13 different customs documents were required to complete a transit operation from Mombasa to Bujumbura. One of the main achievements of the TTCA has been the introduction of the RCTD to replace all the previous documents. The RCTD form is designed to enable customs and other agencies concerned to control and monitor the transit traffic using only one source of information.

167. Under the RCTD system, a bond has to be established in each transit country to protect that country from potential loss of revenue through diversion into its economy of goods in transit. The declarant in the transit country concerned on whose behalf the RCTD has been established, is responsible to the customs administration in that country for the amount of duties and sales taxes that could become payable if the goods do not leave the transit country. In practice, the recovery of duties from uncancelled bonds is a long process and information on the bonds that have actually been recalled is not readily available.

168. The RCTD system works on the condition that close cooperation is established between customs administrations, enabling a document prepared by a clearing and forwarding agent (CFA) and processed by customs in one country to be accepted by the customs authorities in the other countries as the only document needed.

169. The UNDP/UNCTAD project in conjunction with TTCA, has conducted seminars on the use of the RCTD in Burundi, Kenya, Rwanda, Uganda and Zaire. The implementation of these seminar’s recommendations will result in the improvement of the document and its use in the subregion.

2. Joint customs control

170. One of the important initiatives being undertaken by the Northern Corridor TTCA is joint customs control at adjacent border posts. The intention is to run a pilot project at Malaba on the border between Kenya and Uganda and thereafter transfer the experience gained to other border posts along the Northern Corridor. Article 12 of Section 7 of the NCTA provides for joint customs inspection of transit traffic at designated frontier points where deemed necessary. The pilot project will be confined to locating the exit controls in the neighbouring country. In an ideal situation, outgoing vehicles should drive straight through the exit station customs area, thereby eliminating exit station congestion and confusion between what is inward traffic and what is outward traffic. Such an arrangement would reduce waiting time, since a single CFA would be able to complete all the transit procedures required by the authorities of the two countries. Currently CFAs are obliged to open offices on either side of the common border. The following are the potential benefits of joint customs control:

- facilitation of the exchange of information;

- increased efficiency in customs control;

- reduction in the waiting time at borders since only one stop is required, thus leading to a most cost-effective use of the means of transport;

- a single forwarder can finalize all the transit procedures required by the authorities of the two countries.

D. The PTA transit regime

171. The provisions of Article 19 and Protocol V on transit trade and transit facilities are primarily aimed at facilitating regional trade and transit traffic. Article 19 enjoins member States to grant each other transit rights and to take measures to harmonize customs regulations and procedures to facilitate the movement of goods and services along national frontiers. Protocol V elaborates on the establishment of a uniform regional transit regime covering licensing of carriers, approval of means of transport, customs security for transit goods, transit documentation and procedures.

172. The above provisions are supplemented by the protocols on customs cooperation; transport and communications; simplification and harmonization of trade documents and procedures, and third party motor vehicle insurance (Yellow Card); standardized railway transport documentation; harmonized road user charges for transit vehicles; axle load control and standardized custom seals. Member States are responsible for licensing transit operators and means of transport resident in their respective countries. Transit countries are therefore obliged to accept vehicles so licensed for transit operations. Vehicles are also required to have valid insurance cover (Yellow Card) and transit operations must be under cover of the RCTD. Goods and vehicles in transit are exempted from payment of import duties and taxes, provided an appropriate bond or guarantee is executed. Transit goods are also exempt from customs and examination _en route_ unless an irregularity is suspected.

173. Implementation of the PTA harmonized road transit charges has been slow. To date only Burundi, Malawi, Zambia and Zimbabwe are implementing the PTA charges, while Kenya is about to start implementation. The United Republic of Tanzania is implementing a full cost recovery system of charges of US$ 16 per 100 km for HGVs with more than 3 axles and articulated vehicles, and US$ 6 per 100 km for rigid chassis HGVs up to 3 axles without a trailer. Pursuant to the decisions of the PTA Council of Ministers and the Committee of Ministers of the Southern African Transport and Communication Commission (SATCC), the PTA secretariat and the SATCC Technical Unit are carrying out a review of road transit charges in the PTA and Southern African Development Community (SADC) region. The overall objective of the review is to recommend common PTA/SADC measures intended to facilitate the smooth movement of intraregional transport with regard to the charging of transit vehicles, and giving due consideration to the need to maintain road transit infrastructure in good condition.

174. The PTA has made significant progress towards economic integration following the signing of the treaty establishing the Common Market for Eastern and Southern Africa. In the field of road transport, the PTA secretariat has prepared a programme for the facilitation of movement of traffic between the member States. The programme, which will be financed by the European Union, is intended to formulate policy measures for traffic facilitation.

E. Outstanding issues and constraints

1. Kenya

(a) Port

175. The port continues to face equipment problems despite donor assistance in carrying out repairs and rehabilitation. A maintenance programme and new equipment acquisition plan should take the place of management by crisis. KPA was expected to benefit from the country’s economic liberalization by operating a foreign exchange account which could be utilized in the purchase of spares for its equipment. Lack of autonomy on the part of parastatals to make their own decisions without referring to government authorities could partly explain delays.

176. The working arrangements between KPA and KRC and other institutions such as customs still contribute to delays in cargo offtake within the port. Customs and KPA could better harmonize their working hours; while KPA and KRC could work out a system that does not lead to conflicts whenever problems arise (each organization blaming the other). The Ministry of Transport and Communications did in 1993 and also in 1994 intervene to clear cargo congestion in the port. It can, in conjunction with these institutions and the Treasury, put in place a system that works at all times rather than on an ad hoc basis.

177. The port continues to suffer from labour-related problems. While it is acknowledged that the port has excess staff in some areas, it suffers from a lack of trained personnel in some key areas, especially in cargo handling. Delay in the proposed restructuring programme does not augur well for the

improvement of the port's efficiency. The congestion of cargo in early 1994 has been partly linked with labour problems and hence restructuring should be considered a priority.

(b) Customs arrangements

178. Customs authorities have not yet agreed to the opening of a one-stop office for clearance of transit cargo within the port. While there is still reluctance to open such an office due to the lack of public accessibility of the port, proper arrangements including finance for office installation need to be made. Donor assistance may be required, especially under the corridor project funded by the World Bank, if customs authorities agree to the office's establishment.

179. The level of container cargo verification has continued to decline but has yet to fall to the agreed level of 10 per cent. Since the selection of containers to be verified is based on intelligence reports, authorities can arguably reduce the level to a desirable limit. Efforts should be made at a regional level to promote mutual recognition of customs control to eliminate distrust among neighbouring countries, which will in turn lead to smoother transit cargo movements, e.g. fewer containers stopped for inspection and verification.

180. TTCA has strongly recommended that additional documents required for cargo clearance be limited. So far the system in place is streamlined to the extent that the additional documents requested (such as the letter from a consulate or major C & F agents) are easily accessible. It is still, however, necessary to do away with the requirement for additional documents in the port.

181. The RCTD system, which is now in full use, is based on the TIR carnet system. One of the basic requirements of the TIR carnet system is the existence of an international guarantee. This is however lacking in the RCTD system, hence the need for a security bond. The regional bond guarantee system proposed by the PTA could offer a solution, but it has not yet been ratified.

182. A decision is still awaited from the Government to allow the establishment of warehouses for transit cargo. An agreement in principle will be followed by both logistic and legal arrangements being put in place.

(c) Road services

183. The use of a police escort and P27 form for transit cargo categorized as sensitive is an impediment to the reduction of transit time and hence a non-physical barrier. Kenyan authorities have held meetings with operators to discuss ways of streamlining the escort system. The best solution remains their elimination or replacement with a customs-operated monitoring system. The latter is under consideration.

184. Kenya has not yet implemented the PTA harmonized transit charges. Road transporters are still paying the road tolls and also the foreign commercial licence fee. The establishment of a road maintenance fund sustained by the fuel levy and transit levies is under way. The establishment had to wait for

parliamentary approval (which has now been granted); it is expected that revenue collected from the transit road users will thus be used for road maintenance.

185. Implementation of axle load limits has been delayed, even though legislation was passed in 1991. The delay is a result of the necessary preparation, including installation of weighbridges and purchase of mobile weighbridges, and requests from neighbouring land-locked countries. It is expected that action will be taken when the new road bill (1994) is implemented.

(d) Rail/lake services

186. The lack of locomotive power will slightly ease with the operation of the locomotives leased (in May 1994) from South Africa. There is, however, still a need to rehabilitate and repair the old locomotives to supplement the available capacity. Donor resources may be required for the purpose.

187. There is also still the problem of the old track and the need to re-equip/modernize rail workshops, in addition to repairing and rehabilitating wagons to improve their availability. This is an area that again requires donor assistance, as the rail authority lacks the required funds.

188. Services on Lake Victoria have deteriorated owing to indecision on the future of these services. The Government has not yet allowed KRC to disengage itself from running the lake services. Discussions are going on to hand this over to another institution. Likewise, consideration is being given to leasing Kenya’s only ferry to URC or the institution charged with running the ferry services.

(e) Airfreight services

189. The key to increasing the amount of transit cargo transported by air is the liberalization of traffic rights, which will allow more airlines to participate in transit cargo movement in the subregion. This will in turn lead to a demand for more warehouse capacity and an improved cargo tracking system.

190. At the moment, pilferage is limited due to the low level of air cargo traffic. It is, however, important that security be improved along with the improved cargo tracking system.

2. Uganda

(a) Railway sector

191. In the rail sector, the main problem lies with the Kampala-Kasese line, which is too weak to carry transit traffic. Operations on this route for transit traffic to Zaire, Burundi and Rwanda stopped in the late 1970s. The line now requires extensive rehabilitation before such operations can be resumed. While the Government has placed high priority on rehabilitating the Kampala-Kasese line, the donors have been slow to make firm commitments to the project.

192. On the Malaba line there are load limitations within the Jinja-Kampala section due to steep gradients.

193. One of the major constraints affecting rail transport to Uganda on the Northern Corridor is the shortage of locomotive power in Kenya. This has resulted in a massive congestion of containers at the port because of the slow offtake to the Embakasi inland container depot. The situation is expected to improve following the commissioning of 10 mainline locomotives leased by KRC from South Africa.

194. The problem is not confined to mainline locos as there is also an acute shortage of shunting locos in Mombasa. In effect, a wagon can be moved from Kampala to Mombasa in seven days but wait another seven days to be moved into the port. As a short-term measure, URC is considering sending two shunting locos to Mombasa to bridge the gap. It has also been proposed that KRC locos of German make could be maintained at the URC Nalukolongo Workshop.

(b) Roads

195. While the Ugandan road network is generally good, the road from Ntungamo-Kagitumba linking Uganda to Rwanda and the road from Katunguru-Ishasha linking Uganda to Zaire are in a poor state and therefore constitute bottlenecks in the regional transport system. It should be noted that the Ntungamo-Kagitumba road is currently being studied by the Government of Uganda and rehabilitation work will start as soon as funds are available. As regards the link to Zaire, the Government is considering upgrading the Ntungamo-Rukungiri-Ishasha road in preference to doing any major work on the Katunguru-Ishasha road.

(c) Rail/lake services

196. With regard to the Central Corridor, Uganda cargo suffers from operational constraints affecting the TRC Dar-es-Salaam-Mwanza line and the rail/lake interface problems at Mwanza.

197. For services on Lake Victoria, Uganda has adequate capacity, as it has three wagon ferries; the two other ferries owned by Kenya and the United Republic of Tanzania are also available if the need arises. The problem here is that there is no scheduled service for the ferries, which wait until adequate cargo is assembled before sailing. The lack of an upstream/downstream traffic balance leads to unpredictability in sailings, and hence introduces uncertainty in operations relating to transit traffic.

198. Lake services at Port Bell have been adversely affected by the massive growth of a water weed. Long delays are experienced as manual labour is used to clear the way for vessels entering or leaving the port. It has also been reported that the cooling system of the vessels is affected by the weed. URC is looking at various measures including temporary diversion of traffic to Jinja while a permanent solution is sought.

(d) Customs arrangements

199. All Ugandan imports and exports are cleared by the customs department of the Uganda Revenue Authority (URA) at the Nakawa inland port. The main

cause of delays is that the facilities are inadequate for this function. Transporters charge a truck detention fee of up to US$ 200 per day after a grace period of two days. Normally trucks spend four to five days, even when documents are in order. The costs of truck overstay are finally passed on to the consumers. It should be noted that the Nakawa facility was constructed during the East African Community era and was originally intended for break-bulk cargo. The incomplete facility was later handed over to Transocean as the managing agent. CFAs pay a fee to Transocean for handling and storage. The surface at Nakawa is not paved and this presents a serious problem during the rainy season.

200. URA recognizes the desire of road transporters to achieve a quick turn-round at Nakawa and, as an interim measure, it has introduced the pre-entry facility whereby, when an importer knows a consignment is on the way from the seaport, he can pre-enter the goods and the vehicle can be dealt with on arrival. Alternatively, if goods are in standard containers, URA allows them to be off-loaded in the rear yard to permit the vehicle to turn round quickly. The CFA then has to organize lifting equipment and local transport to move the container after it has been cleared. CFAs have proposed that for goods going to bonded warehouses, there should be no verification at Nakawa but instead trucks should move directly to the warehouses and the goods off-loaded. This arrangement would eliminate the need for double verification with all its attendant problems and furthermore would allow importers more time to process their documents and pay duties without holding up the means of transport.

201. Many of the CFAs believe that the problem of slow customs clearance will be solved once Uganda develops a fully fledged dry port handling imports and exports by both road and rail. The dry port should be built on a reasonably large area with well constructed warehouses, verification areas and parking bays. It is expected that the dry port would help improve revenue collection, which is one of Uganda’s long-term objectives. It would also reduce the unnecessary delays being experienced in clearing goods. A key issue will be management of the dry port which CFAs insist should be left to the freight forwarding experts. URA has agreed in principle to promote the development of a dry port through a consortium of CFAs but there are still a number of technical and legal problems to be sorted out, including the most appropriate location. Involvement of the private sector would be in conformity with the Government’s broad policy of pursuing privatization as a means of promoting efficiency in the economy.

(e) Other issues

202. Road transporters operating on the Northern Corridor claim that they could not break even if they loaded their trucks within the legal limits. This is because of various non-physical barriers. There are some entrepreneurs who would like to invest in road transport fleets but are hesitant to do so unless they can achieve a turn-round trip time between Mombasa and Kampala of five days, or three round trips per month. Some of the main problems facing transporters are:

- The cost of new trucks is prohibitive, making loan repayments and fleet replacement difficult;

- The cost of comprehensive insurance is high and there is no regional scheme for comprehensive insurance, which results in long delays in settlement of claims;

- Police escort of "sensitive goods" in Kenya increases the Mombasa-Kampala round trip time by seven days;

- Long delays are encountered at the Nakawa inland port in Uganda, at times of up to five days or more. A day can also be lost at Malaba while waiting for the daily convoy to Nakawa. This is because the listing of trucks for the following day's convoy stops at 3 p.m.;

- Transit fees for foreign registered vehicles are high.

3. United Republic of Tanzania

(a) Shipping services

203. Action will need to be taken to address problems of an old and inadequate fleet on Lake Tanganyika, by expanding shipping services. It is common to have a pile-up of cargo at Kigoma because of slow off-take. This seriously disrupts TRC's operations because wagon turn-round is affected.

(b) Railways

204. TRC is trying to counter the lack of communication facilities on the Central Corridor, which makes it difficult for transporters and importers to monitor the movement of their goods. The European Union is financing the installation of the railtracker system. There are also plans to install telephone and fax lines at the Isaka terminal.

205. Locomotive performance for 1993 was unsatisfactory. The average availability of main-line locomotives was 50 per cent, while for shunters it was 42 per cent.

206. A major problem with rail transport on the Central Corridor is the uni-directional flow of traffic. It has been observed that there are constant imbalances between imports and exports. In the case of Ugandan traffic, the exports exceed the imports whereas for the ZBR countries imports exceed exports. As one way of correcting this imbalance, the Marketing Department of TRC has been streamlined and commodity managers have been appointed at graduate level to carry out market research and to handle customer relations.

207. The rail/lake interfaces in Lakes Tanganyika and Victoria still require streamlining to ensure operational efficiency. The lack of a scheduled service in Lake Victoria, for example, affects the rail operations.

(c) Roads

208. Roads in the United Republic of Tanzania are still generally poor but the integrated roads project (IRP) will restore the trunk and regional networks. The physical target is to have 60 per cent of trunk roads in good condition

by 1996, from the current 15 per cent. Most of the routes used by the ZBRU countries will be covered by IRP. The same project will aim at building up capacity to maintain the rehabilitated roads.

209. The physical conditions of the roads affect road operations. The turn-round is poor, and operations are curtailed during the wet season.

210. Strict enforcement of the axle load limits will also affect operations in this corridor, especially after the improvement of roads under the present IRP programme. Adequate preparations to forestall possible supply interruptions need to be taken now.

(d) Port of Dar-es-Salaam

211. The port of Dar-es-Salaam has only recently been rehabilitated. There is no capacity problem and efficiency has improved. The biggest problem is in domestic cargo off-take both by rail and by road. The overall efficiency will, however, only be assured over the long run when domestic cargo off-take also improves.

212. Port operations in Dar-es-Salaam are considered efficient especially for full container loads. The main constraint is with less-than-container loads due to the delays encountered in stripping containers at the inland container depot of Ubungo. In general, the transit times have greatly improved due to improved road conditions and simplification of transit procedures. It takes 5-6 days to move from Dar-es-Salaam to Kigali or Bujumbura and about 16 days for a round trip.

213. There is also a problem of documentation, especially when amendments have to be made to the cargo manifest after the bill of lading has been received. NASACO is slow in the processing of forms, and hence cargo clearance is delayed.

214. The layout of the Belbase facility is such that it can reduce time wasted in criss-crossing the port to complete clearance. The current rehabilitation of the port has left out this facility, although separate arrangements are being made to have the area rehabilitated using AMI and Belgian Government assistance. The fact that ZBR cargo can still use other berths and then be transferred to the facility for storage implies double handling, and operationally is an introduction of inefficiency as far as cargo off-take from the port area is concerned.

(e) Documentation

215. Documentation still requires streamlining as far as TRC operations are concerned. For Uganda cargo, implementation of the single consignment note would be ideal. For ZBR cargo destined for Kigoma, the processing of documents also needs to be expedited, so that this cargo does not have to be stored awaiting documents from Dar-es-Salaam. This has been the case with the introduction of block trains.

4. Burundi

(a) Roads

216. Truckers driving to Burundi via the Northern Corridor are hampered by the state of the Mwanza route and can make only one trip per month.

217. Truckers using the Central Corridor are handicapped by the poor road infrastructure, with operations becoming more difficult in the wet season.

218. The Central Bank intervention also leads to difficulties in operations, and higher operating costs.

219. Axle load limits in Kenya, affecting petroleum carriers, will influence operations to Burundi. This is likely to happen in the Central Corridor when similar measures are introduced.

(b) Lake services

220. On Lake Tanganyika, the capacity to transport fuel is limited. Fuel transport to Kigoma is under the control of Tanzanian oil companies, which makes it difficult for Burundi companies to get adequate supplies at all times, despite costs being considerably lower compared with road routes via Dar-es-Salaam or Mombasa.

221. There are erratic delays in the rail/lake route through Kigoma, which are associated with the interface and operational constraints within TRC.

5. Rwanda

Roads

222. In 1988, Rwanda paved the road from Kagitumba to Kigali; it was expected that Uganda would do the same for the 29 km Ntungamo-Kagitumba road. This section remains unpaved, however, and is in poor condition. Transporters prefer the Kagitumba route for heavily laden trucks because of the steep gradients on the Gatuna route. At present both routes are closed but the issue of the Kagitumba link will have to be taken up as a matter of priority.

223. The destruction of the Gatuna Bridge is a serious constraint because even if the border is reopened, HGVs will not be able to cross until the bridge is restored.

224. The current Northern Corridor route via the United Republic of Tanzania has slowed the vehicle turn-round. The truckers can only make one trip per month when they use the Mwanza route, owing to its poor physical conditions.

225. The poor road condition also increases operational costs, e.g. for spare parts as maintenance needs increase; and payments for drivers and loaders, who have to be paid despite the reduced number of trips.

226. In the Central Corridor some sections become impassable during the rainy season and hence operations have to be suspended.

227. The Central Bank intervention restricts operations and adds to overall costs.

228. Axle load limits on fuel tankers in Kenya, if enforced, will make operations more difficult and could disrupt supplies.

6. Zaire

Roads

229. The main road network in eastern Zaire is generally in poor condition. This is because the roads linking eastern Zaire to the Northern Corridor were never designed for HGVs. The upgrading and rehabilitation of roads is therefore essential to improve transport in the region. The roads requiring urgent attention are:

Ishasha - Goma	136 km
Kasindi - Beni	83 km
Beni - Bunia	200 km

230. Transit operations are affected by the poor road network, which lengthens the vehicle turn-round times and increases the maintenance costs.

231. The fact that only TMK and AGETRAF are approved for transporting coffee or subcontracting other national or foreign transporters makes transit operations restrictive.

IV. REGIONAL ISSUES

A. Verification of transit containers

232. Verification increases transit time because different parties are involved in the exercise and, when equipment availability is low, it may take a long time to move a box to the required position. Apart from causing delays, verification can also lead to pilferage. Insurance companies at times refuse to settle claims for loss of goods from containers with broken seals.

233. The level of verification of transit containers in the port of Mombasa is still high, especially considering the other control measures also in force. At one time all the transit containers were verified but following pressure from the Northern Corridor member States, the system was changed to random sampling. The NCTA recognizes the sovereign right of a contracting party to verify the goods declared for transit. However, the consensus is that verification of transit containers should be reduced to a maximum of 10 per cent and should in any case be restricted to cases of suspected fraud or where there are evident errors in the documentation. It has also been recommended that, for containers not verified, the transit country should have the option of adding its own national seals or identification marks.

B. Implementation of the RCTD

234. The RCTD has considerably eased transit transport by road. The following shortcomings have been noted, however, and require follow-up action:

(a) The procedure for returning the third copy of the RCTD from the office of entry in the next country as evidence of completion of a transit operation is unnecessarily complicated and is the cause of much delay in the cancellation of transit bonds;

(b) The lack of a regional transit bond scheme means that forwarding agents have to complete bond information at the border for each transit country. This means that a truck picking up cargo in Mombasa for Bujumbura needs three transit bonds. Apart from the cumbersome and time-consuming paperwork that needs to be done, this also causes unnecessary costs and means that the full benefits of the RCTD are not being enjoyed;

(c) Some countries still use national documents in parallel with the RCTD. For example, Kenya requires transit goods to be accompanied by the transit entry, C34, while Uganda still uses its own transit entry, known as the C38.

C. Transit bonds

235. The concept of customs bonds should be reviewed in the light of developments such as tamper-proof seals and the development of inland container depots, which greatly reduce the risk of diversion of goods. Previous UNCTAD studies and seminars have made the following recommendations for facilitating transit operations:

(a) A bond should not be required where the risk of interference with the goods is low, either because of the nature of the goods or when the goods are escorted;

(b) When a bond or guarantee is required, one issued by a person of good repute should be accepted;

(c) A simple standard-amount bond system should be introduced, valid in all the countries involved, which eliminates the need to calculate the amount of duty potentially payable on transit goods in the transit countries unless it actually becomes payable;

(d) Where applicable, the use of general bonds in place of specific bonds could help reduce costs, as they can be rolled over.

D. Monitoring of transit traffic

236. Most countries in the region are instituting economic reforms aimed at liberalizing their economies. These include reduction in government ownership and control of transport enterprises, removal of restrictions on the mode or routing of transit traffic, liberalization of imports and of the marketing of primary agricultural commodities. The relaxation of restrictions on trade has led to an increase in the volume of imports and exports. The main concern of the transit countries is to ensure that customs duties are paid and that

transit goods are not diverted to the domestic market. On the other hand, the land-locked countries argue that the transit regulations are unnecessarily strict and that it is only a handful of CFAs who are engaged in customs fraud.

237. In view of the moves towards liberalization, it has been recommended that escorts for transit traffic should be eliminated, other than in exceptional circumstances. It has also been suggested that the function of monitoring transit traffic be left to the customs department, which has competent personnel to undertake the task. Uganda has introduced a new monitoring system whereby transit vehicles will not be escorted but instead will have to report at designated stations along the transit routes. The customs authorities in East Africa should cooperate in the fight against customs fraud and devise a common monitoring system which is not an impediment to the flow of transit traffic. The Kenya and Uganda customs authorities have already agreed in principle to have regular consultations. Section 4 of Protocol No. 3 of the NCTA provides for mutual administrative assistance between the customs authorities of the contracting parties. Some of the possible areas of cooperation include:

- Avoidance of the unnecessary breaking of customs seals;

- Exchange of information by telephone or fax relating to the movement of transit goods;

- Notification of inaccuracies in a goods declaration or any other serious irregularity discovered in connection with a transit operation, in order that the matter may be investigated and any duties and taxes chargeable may be collected;

- Simplification of the bond system in order to release capital tied up;

- Electronic exchange of computerized data;

- Use of pre-shipment inspection information to determine the bona fide importers of the land-locked countries.

E. <u>Conclusions</u>

- There is clearly a need for close cooperation between land-locked and transit countries in view of the fact that the trade performance of the land-locked countries is critically dependent on the nature of the transit systems serving their imports and exports.

- There are developments that require countries in the subregion to come together and take collective action. An inland waterway transport agreement on Lake Victoria is still required, so that the three East African countries can co-operate in developing the necessary facilities on the lake.

- The performance of transit transport services in East Africa has been mainly hampered by cumbersome transit documentation and procedures. It is estimated that land-locked countries pay additional transit charges amounting to 20 per cent of the value of the goods transported, making many commodities less competitive in regional and global markets. The development of intra-African and international trade will not be possible without a substantial reduction in the cost of international transport services. The non-physical barriers must be removed or substantially reduced. This is an area where donor support should now be concentrated in order to achieve an efficient transit transport system in the region and to ensure that the potential benefits of improvements to the physical infrastructure are not lost.

- The intensification of the war in Rwanda since April 1994 has affected transit cargo movements in the subregion. In addition it implies that assistance will be required to rehabilitate the transport infrastructure once peace has been restored.

Annex I

PORT OF MOMBASA STATISTICS

(Traffic handled at the Port of Mombasa)
(Thousands of dwt)

	1989	1990	1991	1992	1993
IMPORTS					
Dry general cargo	1 845	1 675	1 620	2 178	2 310
Dry bulk cargo	251	518	462	650	463
Total dry imports	2 096	2 193	2 082	2 828	2 773
P.O.L.* in bulk	2 901	2 794	3 032	2 701	2 149
Other bulk liquids	203	206	197	280	222
Total bulk liquids	3 104	3 000	3 229	2 981	2 371
TOTAL IMPORTS	5 200	5 193	5 311	5 809	5 144
EXPORTS					
Dry general cargo	969	1 350	1 163	1 230	1 208
Dry bulk cargo	498	557	320	462	881
Total dry exports	1 467	1 907	1 483	1 692	2 089
P.O.L. in bulk	71	118	74	63	0
Bunker oils	383	243	216	300	667
Total bulk oils	454	361	290	363	667
Other bulk liquids	75	28	19	27	18
Total bulk liquids	529	389	309	390	685
TOTAL EXPORTS	1 996	2 296	1 792	2 082	2 774
IMPORTS AND EXPORTS					
Dry general cargo	2 814	3 025	2 783	3 408	3 517
Dry bulk cargo	749	1 075	782	1 112	1 343
Total dry cargo	3 563	4 100	3 565	4 520	4 862
P.O.L. in bulk	2 972	2 912	3 106	2 764	2 149
Bunker oils	383	243	216	300	667
Other bulk liquids	278	234	216	307	240
Total bulk liquids	3 633	3 389	3 538	3 371	3 056
TOTAL IMPORTS AND EXPORTS	7 196	7 489	7 103	7 891	7 918
Transshipment	43	36	42	100	72
GRAND TOTAL	7 239	7 525	7 145	7 991	7 990

Source: Corporate Development Department, Kenya Ports Authority.

* Petroleum Oil and Lubricants.

TRANSIT TRAFFIC: 1989-1993
(dwt)

PARTICULARS		1989	1990	1991	1992	1993
UGANDA:	Imports	148 651	152 383	153 872	321 159	336 309
	Exports	147 119	147 888	149 328	145 987	139 659
	TOTAL	295 770	300 271	303 200	457 146	475 968
TANZANIA:	Imports	41 460	29 675	15 904	9 542	17 272
	Exports	424	2 392	1 865	5 281	6 561
	TOTAL	41 884	32 067	17 769	14 823	23 833
BURUNDI:	Imports	30 256	18 833	11 411	33 104	18 365
	Exports	510	64	1 654	8 565	3 409
	TOTAL	30 766	18 897	13 065	41 669	21 774
RWANDA:	Imports	67 916	74 320	53 899	76 866	56 455
	Exports	38 081	64 940	47 762	36 592	67 952
	TOTAL	105 997	139 260	101 661	113 458	124 407
SUDAN:	Imports	2 315	969	1 480	35 225	35 822
	Exports	27	6	10	0	0
	TOTAL	2 342	975	1 490	35 225	35 822
ZAIRE:	Imports	10 105	12 602	14 175	80 158	44 142
	Exports	43 940	73 445	56 095	31 460	33 790
	TOTAL	54 045	86 047	70 270	111 618	77 932
OTHERS:	Imports	18 761	17 140	19 963	425 682	347 285
	Exports	0	260	-	356	19 410
	TOTAL	18 761	17 400	19 963	426 038	366 695
TOTAL:	Imports	319 464	305 922	270 704	981 736	855 650
	Exports	230 101	288 995	256 714	228 241	270 781
	TOTAL	549 565	594 917	527 418	1 209 977	1 126 431

Source: Kenya Ports Authority, Monthly Review of Port Working.

Annex II

KENYA RAILWAYS CORPORATION FREIGHT TRAFFIC

Import/export traffic, 1992-1993

	Tonnes
IMPORTS	
To Uganda - via Malaba	43 498
- via Kisumu	105 408
IMPORTS - Embakasi ICD	19 871
EXPORTS	
From Uganda - via Malaba	40 359
- via Kisumu	90 701
EXPORTS - Embakasi ICD	63 813
OVERALL TRAFFIC*	2 464 611

Source: Kenya Railways Corporation Statistics.

* Domestic and Transit.

Annex III

UGANDA RAILWAYS CORPORATION FREIGHT TRAFFIC

Freight traffic hauled by route/type, 1991-1993
(tonnes)

TRAFFIC	VIA MLB	VIA KSM	VIA MWZ	TOTAL 93	TOTAL 92	1991
IMPORTS						
Fuel	5 654	179	66 270	72 103	38 801	48 993
Cement	14 875	33 951	32 044	80 870	82 179	69 291
General goods	15 730	35 872	8 135	59 737	38 122	45 039
Salt and sugar	1 810	7 932	9 411	19 153	16 754	18 248
Others	8 133	23 868	3 166	35 167	29 049	18 456
Subtotal	46 202	101 802	119 026	267 030	204 905	200 027
EXPORTS						
Coffee	18 382	79 733	19 257	117 372	112 830	107 770
Grains	12 544	1 210	17 012	30 766	7 875	6 892
Timber	280	nil	nil	280	1 898	3 491
Others	3 197	507	1 216	4 920	5 773	7 419
Subtotal	34 403	81 450	37 485	153 338	128 376	125 572
M + X	80 605	183 252	165 922	420 368	333 281	325 599
Local traffic	nil	nil	nil	74 337	30 641	90 314
GRAND TOTAL	80 605	183 252	165 922	494 705	363 923	415 913

Source: Uganda Railways Corporation.

Annex IV

PORT OF DAR-ES-SALAAM STATISTICS

Cargo traffic through Dar-Es-Salaam port
(tonnes)

Cargo handled	1993			January-March 1994		
	Imports	Exports	Total	Imports	Exports	Total
General cargo	1 567 666	885 317	2 452 983	379 634	204 142	583 776
Bulk oils	1 865 696	132 001	1 997 697	327 177	58 986	386 163
Other bulk liquids	20 592	14 200	34 792	10 543	8 555	19 098
GRAND TOTAL	3 453 954	1 031 518	4 485 472	717 354	271 683	989 037

General cargo handled at Dar-Es-Salaam port
(tonnes)

Country	1993			January-March 1994		
	Imports	Exports	Total	Imports	Exports	Total
United Rep. of Tanzania	854 789	314 270	1 169 059	250 639	88 430	339 069
Zambia	267 059	397 042	664 101	37 423	76 557	113 980
Malawi	113 146	28 655	141 801	7 228	5 911	13 139
Zimbabwe	2 427	0	2 427	1	0	1
Mozambique	148	0	148	0	0	0
Zaire	47 354	88 857	136 211	6 910	5 080	11 990
Burundi	120 544	42 274	162 818	32 130	11 429	43 559
Rwanda	158 778	314	159 092	43 904	427	44 331
Uganda	3 342	13 905	17 247	1 077	16 308	17 385
Kenya	79	0	79	303	0	303
GRAND TOTAL	1 567 666	885 317	2 452 983	379 615	204 142	583 757

General cargo traffic for Zaire, Burundi, Rwanda and Uganda
(tonnes)

Country	1993			January-March 1994		
	Imports	Exports	Total	Imports	Exports	Total
Zaire	47 354	88 857	136 211	6 910	5 080	11 990
Burundi	120 544	42 274	162 818	32 130	11 429	43 559
Rwanda	158 778	314	159 092	37 267	427	37 694
Uganda	3 342	13 905	17 247	1 077	16 308	17 385
TOTAL	330 018	145 350	475 368	77 384	33 244	110 628

Container traffif for Zaire, Burundi, Rwanda and Uganda
(tonnes)

Country	1993			January-March 1994		
	Imports	Exports	Total	Imports	Exports	Total
Zaire	1 054	919	1 973	152	95	247
Burundi	2 433	1 675	4 108	490	566	1 056
Rwanda	2 618	39	2 657	945	29	974
Uganda	162	873	1 035	53	662	715
TOTAL	6 267	3 506	9 773	1 640	1 352	2 992

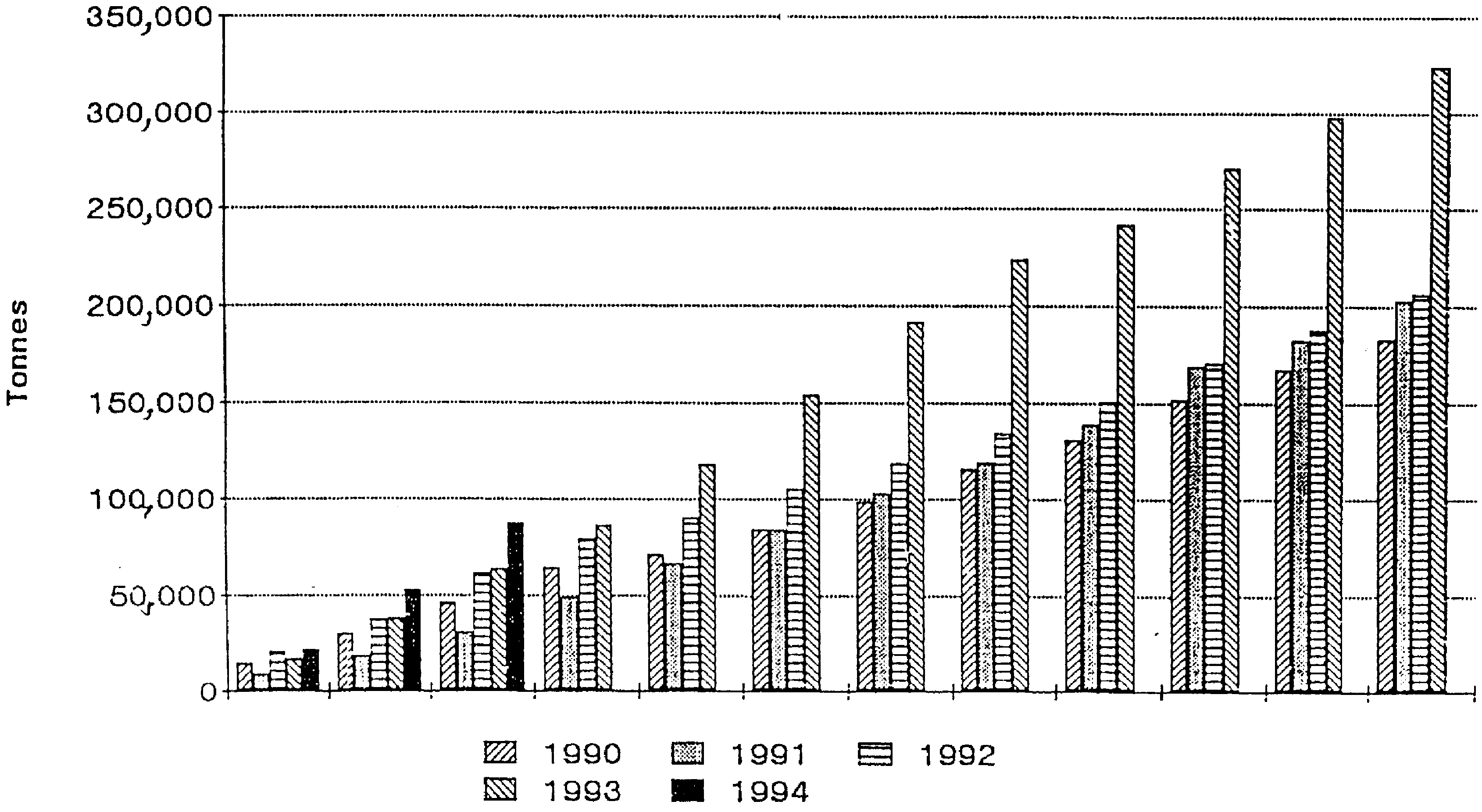
Annex V

TANZANIA RAILWAYS CORPORATION FREIGHT TRAFFIC

Transit traffic 1993
(tonnes)

COMMODITIES:	FROM			
	ZAIRE	BURUNDI	RWANDA	UGANDA
Coffee	-	8 602	-	18 674
Containers	-	2 981	-	-
Others	1 206	2 976	-	27
TOTAL	1 206	14 559	-	18 701
COMMODITIES	TO			
	ZAIRE	BURUNDI	RWANDA	UGANDA
POL	-	49 513	16 814	60 025
Containers	36	12 695	2 700	3 928
Others	2 004	73 022	60 827	4 272
TOTAL	2 040	135 230	80 341	68 225

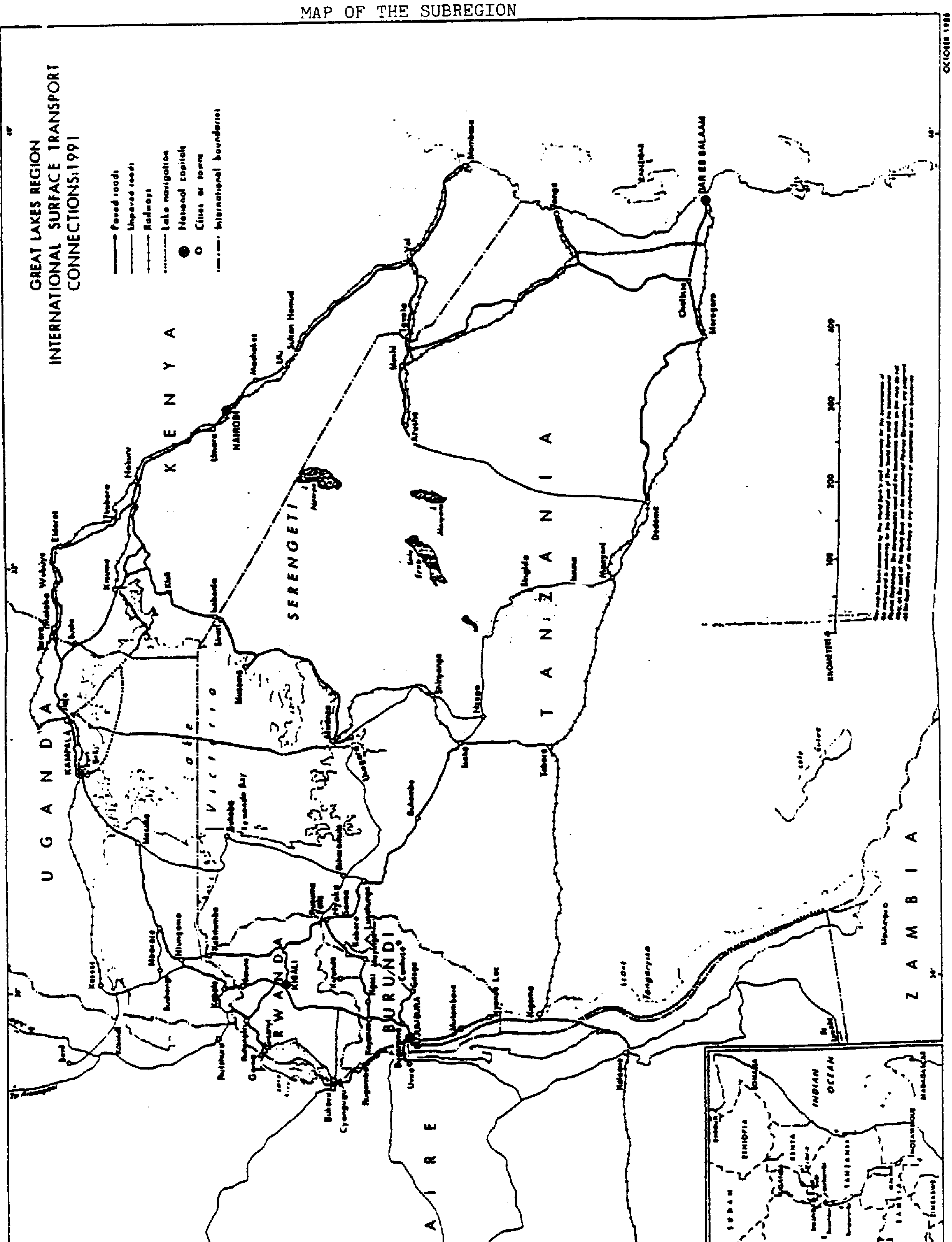
TOTAL ZBRU FREIGHT TRANSIT
Cumulative per month
(1990-1993, and Jan.-March 1994)
(in tonnes)



Source: TRC statistics

Annex VI

MAP OF THE SUBREGION



Source: World Bank
