

CASE STUDY 07

Non-Tariff Barriers at Beit Bridge

Problem description

The Beit Bridge border post, situated on the border between South Africa and Zimbabwe, is the busiest regional transit link in Southern and Eastern Africa, connecting South Africa and Zimbabwe, Botswana, Zambia, the Democratic Republic of the Congo (DRC), Malawi, Tanzania and northern Mozambique. Trucks crossing the border experience significant delays, which push up transport costs and increase the price of consumer and intermediate goods.

It is estimated that over 400 trucks cross the Beit Bridge border post every day.¹ However, these trucks experience average delays of approximately three days crossing the border (the delays can extend up to a week, and truck drivers have reported being delayed for up to two weeks at times).² Each delay is estimated to cost \$400 per truck per day.³ Figure 1 gives a rough estimate of the impact of these delays on increasing the price of two consumer goods: fuel and sugar.

Table1: The effect of delays on consumer good price increases⁴

| Delay period | Fuel price increase (%) ^a | Sugar price increase (%) ^b |
|--------------|--------------------------------------|---------------------------------------|
| 3 days | 3.29 | 2.96 |
| 5 days | 5.41 | 4.96 |
| 1 week | 7.61 | 6.95 |
| 2 weeks | 15.22 | 13.90 |

a Assuming a 30 000 litre tank truck carrying '95 unleaded petrol at a unit cost of ZAR 13.66/litre.

b Assuming a combination truck carrying 45 tonnes of sugar at a unit cost of ZAR 10/kilogramme.

Source: Author's own calculations

These excessive delays are themselves the cause of further delays. There is huge pressure on cross-border truck drivers – they drive all day, have to wait in queues at the border for 10 hours, and then need to sleep the whole of the next day. If the process were quicker, drivers arriving at the border post could pass through and sleep on the night of arrival. This would allow them to depart the next day, saving transporters a day. Furthermore, the delays cause serious unpredictability, which means that it is difficult for transporters and agents to plan logistics. This has a knock-on effect that can disrupt future transport schedules.

1 Mthembu-Salter G, *The Cost of Non-Tariff Barriers to Business along the North-South Corridor (South Africa–Zimbabwe) via Beit Bridge*, SAIIA (South African Institute of International Affairs), Trade Policy Report, 20, 2008.

2 Estimates were sourced from primary interviews with logistics and clearing agents working at the Beit Bridge border post.

3 According to Theodore Murenzi, Secretary-General of Rwanda's Long Distance Truck Drivers' Union, as quoted on Trademark East Africa, 'Technology and progress shorten road Mombasa-Kampala-Kigali highway', 26 June 2014, website, <http://www.trademark.com/impact-stories/technology-and-progress-shorten-road-mombasa-kampala-kigali-highway/>.

4 This is a rough calculation that adds the estimated cost of \$400 (using an exchange rate of \$1 = ZAR 11.1601) per day to the total value of the consumer goods that can be carried by a single truck. The total induced cost of the cargo is then divided by the number of units being carried, and the percentage increase on the unit price is calculated.

The situation at the border post is made worse by the poor condition or lack of capacity of both soft and hard infrastructure. The road leading to the border post only has two lanes travelling in each direction – one for passenger vehicles and the other for commercial vehicles. Given that the Beit Bridge border post is the busiest regional transit link in Southern and Eastern Africa, the fact that most of South Africa's road freight to countries to the north is being bottlenecked into a single lane is a critical issue.

The situation is aggravated by the fact that trucks share a lane with passenger busses. Border officials often let too many busses through at a time, causing severe delays, as each passenger needs to be cleared by immigration. The entrance to the first customs checkpoint is a confusion of commercial and private vehicles, foot traffic, metered taxis and minibus taxis. A large taxi rank is situated at the entrance to the border post to service the foot traffic coming across the old river bridge, while a number of informal traders and hawkers are set up right at entrance to the border post. The taxis often block the road and trucks cannot get through. After certain stakeholders raised this issue, space for the taxi rank was allocated further up the road, but it has never been relocated.

Power shortages on both sides of the border also contribute to delays. The situation is particularly bad on the Zimbabwean side, where electricity supply is down for a few hours daily on a regular basis. Generators have been brought in but are poorly maintained and too small to service all the electricity needs. For example, the generators used by the Zimbabwe Revenue Authority (ZIMRA) cannot generate enough power to supply electricity to its officers and the truck scanners at the same time. As all customs clearance entries are done electronically, when the power supply is cut off no entries can be processed and the entire process grinds to a halt.



- 1 SARS customs agent inspecting a truck with a casual labourer handling the cargo.
- 2 A taxi rank and informal traders' stalls are on the left at the South African entrance to the border post.
- 3 Queue of trucks extending 2 km from the entrance to the border post.
- 4 The South African entrance to the Beit Bridge border post – the single lane for commercial vehicles is on the far left.

There are also a number of constraints caused by poor information technology (IT) infrastructure. The lack of harmonisation between the South African Revenue Service (SARS) and ZIMRA software means that customs clearance documents have to be duplicated. Very often communications between the ZIMRA office at Beit Bridge and the head office in Harare are down, meaning that nothing can be processed. The computer system at the head office is also not large enough to deal with the sheer volume of traffic, and entries are processed on a piecemeal basis. Transporters and agents have resorted to using 'runners' to get the actual documents from one side of the border to the other because the computer system is down so regularly. However, these runners are often harassed by immigration officials as they cross the border so frequently.

Another issue contributing to the delays is the prevalence of crime on both sides of the border post. Transporters and agents operating at the border report a high crime rate, ranging from petty theft (opportunistic criminals breaking into trucks at night to steal the driver's possessions or the vehicle's radio face) to serious armed robbery (agents' offices have been held up by organised, heavily armed criminals because they know that these offices hold large amounts of cash). Truck drivers have even reported being robbed while sitting in their trucks in the queue to enter the border post. When a driver tried reporting such an incident to the South African Police Service (SAPS), he was told the police would not do anything about it because the criminals were 'your Zimbabwean colleagues' (the driver was Zimbabwean).⁵ Despite the border post operating for 24 hours a day, transporters and agents will not let their drivers enter the border post after 8pm because it is likely that the cargo will be stolen while the truck is being inspected or waits in one of the many queues. While customs officials oversee inspections, casual labourers open and close the truck compartments and move the cargo. There is little security at the border post and it is very easy for anyone to gain access to the truck inspection yard. As such, the border post effectively runs only during daylight hours because transporters cannot run the risk of their cargo being stolen.

Box 1: Tracking the progress of a northbound truck

In order to understand the source of these serious delays, it is necessary to track the progress of a truck as it crosses the border. For the purposes of this case study, the progress of a northbound truck heading from South Africa to Zimbabwe will be detailed.

Before the truck reaches the border post, its cargo can be pre-cleared using SARS' electronic clearing system. When transporters dispatch the truck from Johannesburg or Durban, clearing agents can use the system to clear the cargo before the truck has even reached the border post. Transporters and agents have reported that despite a few

⁵ Sourced from primary interviews with truck drivers at the Beit Bridge border post.

snags, the SARS electronic system is operating well and has significantly reduced the time taken for cargo clearance.

However, as soon as the truck reaches the border post, significant delays occur. While the SARS clearing system operates smoothly, a northbound truck has to be cleared by ZIMRA before passing through the South African side of the border post. Since this process can take some time, trucks arriving at the border must find somewhere to park while clearing agents prepare their documents for ZIMRA. Transporters must pay to park their trucks in private truck parks at a cost of ZAR⁶ 30 (\$2.64) per 12 hours or part thereof, as the state has not made any parking facilities available.

An Automated Cargo Management (ACM) manifest is issued to the driver when the load has been cleared by SARS and ZIMRA. The ACM system electronically matches advance information, declaration information and movement data to ascertain the total risk related to a particular consignment. With the ACM manifest, the truck can join the queue to pass through the first checkpoint on the South African side of the border post. Since only a single road services both this checkpoint and the entrance to the private truck park (as well as the agents' offices, a petrol station, taxi rank and military base), the road is often congested well beyond the exit from the private truck park. This means that trucks with an ACM manifest that are ready to pass through the border post have to wait for trucks trying to enter the truck park to have their ACM manifests prepared, causing delays.

When the truck eventually reaches this checkpoint, a customs agent scans the truck's ACM manifest using a digital scanner. There is only one computer to scan the ACM manifest and one customs agent operating the computer. The scanner often malfunctions by not picking up the barcode or not recognising certain entries. If a customs agent is not able to man the computer for any reason, the entire process grinds to a halt.

The driver must then report to South African immigration to be cleared to travel into Zimbabwe. This process should not take long, especially for South African citizens where all that is required is scanning a passport barcode. However, the immigration checkpoint is often confusing as officials change the queue around and alter the reporting points for being stamped in or out of the country. Immigration officials often extort bribes from truck drivers who may not be aware of official immigration policy and regulations. Truck drivers operating on a 10- or 12-day working permit often have problems when delays are experienced on the road (for example, due to a technical breakdown) and immigration officers employ delay tactics, such as confiscating the truck driver's passport, so that their work permits expire. Drivers with only one or two days left on their work permits are also a target because immigration officials tell them

6 ZAR is the three-letter currency code for the South African rand.

that they need to report to their home countries (most commonly Zambia) to have the permit extended, when all that is required is crossing into Zimbabwe. Officials know that the drivers rely on their jobs for their livelihood, and are therefore willing to bribe them (the officials) to stamp their passports with different date stamps or 'allow' them to extend their permits without reporting to their home countries. It is reported that a bribe of ZAR 1,500 (about \$132) to immigration officials is so common it has almost become standard, although the amount is sometimes higher.

Once cleared through immigration, the truck must then report to a SAPS checkpoint where the police check that the vehicle is legal and registered. The policemen operating the checkpoint are reported to be unnecessarily slow at times and only attend to one vehicle at a time, even if there are five to 10 officers present at the checkpoint. The police are often said to harass truck drivers and request a number of documents in the hope of catching drivers out in order to extort a bribe. The most common technique is to ask for a letter from the bank that has financed the vehicle, stating that it has permission to leave the country. These letters expire every few months and it is difficult for cross-border transporters to secure the letters all the time. Over time, the police officers learn which vehicles are partly financed by banks and target the truck drivers of these vehicles for bribes. If the truck driver is unable or unwilling to pay the bribe, the police officers will refuse to let the truck through and the process of moving through the checkpoint is held to ransom until the bribe is paid.

The truck can then cross to the Zimbabwean side of the border post. Trucks have to pay a fee of \$28 for a single crossing of the New Limpopo Bridge, which spans the Limpopo River separating South Africa and Zimbabwe. The bridge was built as part of a public-private partnership where user fees had to be paid to the private company that constructed it for 10 years after construction. Since the 10-year period has passed, ownership of the bridge has passed to the Zimbabwean government. The original agreement was that use of the bridge would be free after the 10-year payment period, but the Zimbabwean government is still charging user fees.

At the Zimbabwean side of the border post, each truck must be scanned for illegal and grey goods. Zimbabwe levies hefty import tariffs on many consumer goods that can be bought at a much lower price in South Africa, so there are considerable financial incentives for truck drivers to co-operate with smugglers to illegally bring these goods into Zimbabwe. These scanners are very old and frequently break down, causing severe delays. Furthermore, the scanners are ineffective and often do not pick up grey goods being smuggled across the border. As such, agents often have to spend time and money on having their trucks inspected themselves before they cross the border.

Zimbabwean customs officials then check and release the truck's documents. The clearance process is relatively quick, but releasing the truck takes a whole day due to a number of cumbersome processes and payments that have to be made before

the truck can enter Zimbabwe. For hazardous cargo, such as fertilizer, trucks need a transit permit from the Department of Agriculture costing \$70, and pay Environmental Management Agency (EMA) fees of approximately \$160 (for 30 tonnes), Port Health fees of \$40 and, if the cargo is loaded on wooden pallets, a further \$20 fee to agriculture. The driver can then proceed to the Vehicle Inspection Depot (VID) to have the truck weighed and inspected for mechanical faults. Foreign transporters have to pay toll fees of \$10 per 100 km to drive on Zimbabwean roads – this translates to \$100 to reach the Chirundu border post in Zambia. Drivers must then report to immigration, go past all the checkpoints listed above for signatures to prove that the driver has reported to the various departments, and go to ZIMRA to pay a carbon tax of \$30 a month, insurance of \$50 per month for the horse and \$10 per month for each trailer, as well as a Commercial Vehicle Guarantee (CVG), which can cost up to ZAR 3,000 (\$264.36) per horse for a year.

Once all these procedures have been completed and the truck has been released, the truck still has to join a queue to the anti-smuggling unit to be inspected at a search bay. Due to an apparent need to increase ZIMRA's revenue, the anti-smuggling team has recently been performing searches on all of the trucks passing into Zimbabwe. This has caused monumental delays.

Even if the vehicle is passed through all these checks, customs officials have the authority to send the vehicle to the Container Depot (CONDEP), where inspections are carried out on imported goods. About 10% of vehicles are sent to CONDEP. The depot is privately owned and transporters have to pay to have their trucks inspected there – ZAR 340 (\$29.96) for a gate pass plus ZAR 120 (\$10.57) for every night that the truck remains at the depot, as well as ZAR 600 (\$52.87) for the casual labourers (this pays for two casual labourers for one hour – if the inspection takes longer, transporters have to pay more). CONDEP has become notorious among transporters and agents because trucks diverted there can be delayed by two to three days while the inspections occur. Due to the slow pace at which the inspections are carried out, it is not uncommon for vehicles to wait an entire day in the queue to enter the depot.

Political economy analysis

Almost all transport companies hire non-South African drivers. This is because most of the cargo travelling northward is destined for either the DRC or Zambia. Foreign drivers are preferred over South African drivers because they can speak the vernacular and are accustomed to driving on the other (right-hand) side of the road. However, the tightening of South Africa's visa and work permit legislation is placing constraints on the mobility of these drivers in and out of South Africa. Foreign drivers report that the new regulations are confusing and that it is now more difficult to apply for work permits since they have

to be present in South Africa to make the application. As cross-border drivers, they spend a maximum of seven days a month in South Africa, which makes the application process difficult.

The large number of stakeholders involved in the border management process makes meaningful stakeholder engagement and finding resolutions more difficult. Of the various stakeholders involved on the South African side, transporters and agents have identified immigration as being the most problematic in terms of a lack of willingness to engage with them on problems at the border post. Apparently immigration frequently fails to attend the monthly stakeholder meetings that are held to facilitate border management. Furthermore, despite the large number of traditional stakeholders involved, there is a need to include more non-traditional stakeholders in the engagement process. For example, South African parastatals such as Telkom need to become involved to deal with the poor IT infrastructure that is available at the border.

The problem of bribery and corruption among government officials is now firmly entrenched at the border post due to a harmful cycle resulting from the interactions between the private sector and government officials. Government officials often hold the private sector to ransom by refusing to let trucks undergo the necessary procedures unless a bribe is paid. They are able to do so in the knowledge that the private sector depends on the transportation of the cargo. Transporters and agents operating at the border give in to the bribery demands out of desperation to simply get the trucks through the border post. This creates further incentives for government officials to come up with even more situations in which bribes can be extorted. As a result, the culture of bribery has become akin to a normal business practice at the border post.

In addition, the Zimbabwean government seems to view the private sector more as a means of collecting revenue than as a tool for economic development. The numerous permits and regulatory fees applied to cross-border transporters carrying goods through Zimbabwe appear to be taxes on doing business rather than economic policy tools designed to achieve desirable outcomes.

The way forward

A number of relatively short-term interventions could have a significant impact on alleviating the delays. The first concerns the physical infrastructure at the border post. A single lane dedicated to commercial vehicles is grossly inadequate for the volume of traffic going through the border. This urgently needs to be updated. The area should be redesigned so that the necessary transport and economic infrastructure, such as the taxi rank and informal traders' space, does not interfere with commercial traffic. The second intervention concerns the hardware used by SARS and ZIMRA – the SARS scanners for the ACM manifests and the ZIMRA truck scanners need to be upgraded and equipped to deal with high traffic volumes. ZIMRA's IT also needs to be upgraded to prevent the frequent communication crashes between the Beit Bridge and Harare offices, and to capacitate the head office's computer

system to deal with the high volume of traffic. GIZ support could go towards the IT upgrade of ZIMRA's systems.

There has long been a call for SARS and ZIMRA to harmonise their customs software. Currently transporters have to prepare two sets of transport documents, one for each customs agency, despite the fact that both documents capture the same information. This is an unnecessary duplication of labour and indicative of the lack of co-operation between the two agencies.

There is also a need to include a far broader range of stakeholders in the engagement process of border management. Despite the traditional stakeholders, relevant parastatals such as telecommunication and electricity providers on both the South African and Zimbabwean sides of the border need to be incorporated into the stakeholder engagements in order to address the variety of issues that contribute to delays.

The technical solutions to many of the problems outlined above are relatively simple and relate to improving the efficiency of the various government services such as customs, immigration and policing. A more difficult question is how to create the political will among the relevant government authorities to achieve these improvements. This research, which is unique in documenting the actual process that trucks must undergo to cross the border (and the associated delays at each step), can be used in the public domain to raise awareness of the severity of the delays and the various factors contributing to these delays.

The Beit Bridge border post has become a small community with entrenched interests created by the many small-scale economic opportunities stemming from the severe delays. A number of unofficial players are involved in the process of getting a truck through the border, including 'runners' who travel between the South African and Zimbabwean sides of the border to communicate with customs officials on behalf of the truck drivers, and 'clearing agents' who go beyond freight clearing to using grey-area techniques to prioritise their client's trucks being cleared through customs. A variety of services are also offered to truckers as they wait to cross the border. This element of the situation, which is not captured by desktop research, makes this research unique and valuable. A number of government initiatives have been undertaken to improve efficiency at the border post, but these have largely fallen by the wayside. This type of research, which shows the situation on the ground, will be an important resource for advocating for these initiatives to be taken up again. Bringing the research to the media's attention and using it to feed into parliamentary debates are solid proposals for achieving this.



Implemented by:

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



**SOUTH AFRICAN INSTITUTE
OF INTERNATIONAL AFFAIRS**

GIZ ProSPECT email: ProSPECT@giz.de

EDIP, SAIIA email: info@saiia.org.za