



# Facilitation of Road Transport Market Liberalisation in the SADC Region

**REPORT**

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## Facilitation of Road Transport Market Liberalisation in the SADC Region

### Preface

*The Southern African Development Community (SADC) was formed to promote cooperation in trade, economic and social development, and to provide a means for harmonising various aspects of a range of disciplines (including transport) in order to maximise the mutual advantages of coordinated policy on development.*

*The relationships between Member States are largely governed by a series of Protocols covering areas of mutual concern; Transport policy falls within the Protocol on Transport, Communications and Meteorology. The protocol clearly sets out the long term objective of transport liberalisation and enjoins Member States to pursue the process of a common market for transport services in which regulated competition can achieve the most cost effective movement of passengers and goods.*

*From the records of past discussions it is clear that there is a need for review of the bilateral agreements on road transport that provide the current framework for coordination of road transportation between Member States. In particular there is need to review the progress with liberalisation of transport in support of the drive to greater trade integration, and the movement towards the creation of a Free Trade Area and Customs Union that are stated SADC short term objectives.*

*The project to facilitate further progress with the Liberalisation of Road Transport within SADC region was initiated by the Transport Division of the Infrastructure and Services Directorate within the SADC Secretariat.*

*The facilitator appointed to perform the project is Nick Porée and Associates (Pty) Ltd, a transport economic, and logistics research and consulting firm based in Durban, South Africa.*

*The objective of the project is to evaluate the current stage of transport liberalisation in the SADC region as reflected in the bilateral and multilateral agreements on road transport among the Member States of SADC.*

*The facilitator is to report findings and make recommendations to the SADC Task Force on Transport Liberalisation to achieve further progress with Transport Liberalisation. The process is aimed at benefitting all the Member States by hastening the liberalisation of the transport of passengers and goods in order to reduce delays and costs incurred by the current regulatory process.*

*The terms of reference of the facilitation project include five discrete but successive phases aimed at analysis, evaluation, recommendation, consultation, and implementation of a more effective transport liberalisation process. The terms of reference and methodology are shown in Annexure A.*

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## List of Acronyms

C-BRTA	Cross-Border Road Transport Agency
COMESA	Common Market for Eastern and Southern Africa
COR	Certificate of Roadworthiness
DFID	Department For International Development
DOT	Department of Transport
EU	European Union
FESARTA	Federation of Eastern and Southern African Transport Associations
FDI	Foreign Direct Investment
GCM	Gross Combination Mass
GVM	Gross Vehicle Mass
JC	Joint Committee
JRMC	Joint Route Management Committee
KGs	Kilogrammes
LCVs	Longer Combination Vehicles
MOU	Memorandum of Understanding
NAFTA	North American Free Trade Area
NEPAD	New Partnership for Africa Development
PTA	Preferential Trade Area
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern African Development Community
SATCC	Southern Africa Transport and Communications Commission
SCOM	Sectoral Committee
SSATP	Sub-Saharan African Transport Program
TOR	Terms of Reference
USaid	United States Agency for International Development

## Facilitation of Road Transport Market Liberalisation in the SADC Region

### 1. Background

#### 1.1 Transport Regulation within SADC

The Southern African Development Community (SADC) is a voluntary cooperative association of sovereign States that covers most of Sub-Saharan Africa south of the equator and the Indian Ocean Islands.

The SADC was formed to promote cooperation in trade, economic and social development, and to provide a means for harmonising various aspects of a range of disciplines in order to maximise the mutual advantages of coordinated actions.

The SADC borders on and overlaps with other trade regions such as the Common Market for Eastern and Southern Africa (COMESA) and is part of the African Union and committed to the New Partnership for Africa Development (NEPAD).

The relationships between Member States are largely governed by a series of Protocols covering areas of mutual concern; Transport falls within the Protocol on Transport, Communications, and Meteorology<sup>1</sup>.

The development of the protocols and the overall philosophy of coordination of regional states follow the basic model adopted in other areas, notably the development of the European Union (EU), and many of the provisions mirror the earlier thinking of the architects of the EU<sup>2</sup>.

With hindsight, it is apparent that some of the provisions and aspirations based on the highly developed, closely integrated, and industrialised economic and social systems of the EU may not be suitable or applicable to the situation in all or some of the SADC countries.

The transport protocol is loosely based on the provisions that were applied between the industrialised States of the EU with similar sophisticated transport capabilities. The permits and quotas were necessary to placate home based carriers and avoid turf wars between carriers. In SADC the disparity in the size of the national fleets and the natural barriers to competition for local haulage make the need for permit protection questionable.

In SADC there is a large variation in economic development, industrialisation, infrastructure standards, and capacity. For many there is a dependence on donor aid, and high importance of customs and excise revenue, permit fees and charges.

Within the region there are very different authority structures and the locus of control of the transport system is very different from country to country. In South Africa traffic enforcement is dispersed to 9 provincial and one central government. In Zimbabwe enforcement is performed by police. Weighbridges are operated by different agencies in different countries and the coordination of the national transport system in relation to SADC Protocols is a universal problem.

In general the SADC Protocol on Transport, Communications, and Meteorology (SADC PTCM) has failed to recognise that Road Transport, Roads, and Traffic Regulations are sovereign national competences affecting all of the country's industrial and passenger transport and it is highly unlikely that the internal regulation of all transportation can be

defined by SADC PTCM. For many of the countries, the cross-border traffic is a small fraction of the total national transport effort. In South Africa it is estimated that 1.4 billion tons of freight are moved by road of which about 5.5 million tons are moved across borders.

From the discussion held with delegates at the meeting of the Task Force on Road Transport Liberalisation, held in Gaborone on 18-19<sup>th</sup> March 2010, it is clear that there is a need for review of the bilateral agreements that provide the current framework for coordination of road transport among Member States.

The opinions expressed by the Task Group, as appended to the Minutes, endorsed the need for the current project to systematically review the principles and application of the regulations in order to achieve the goals of inter-state transport efficiency for passengers and goods within a well regulated framework of rules that promote competition and reduce costs.

The purpose of the current Facilitation Project was to review, evaluate, recommend, present, and plan an implementation process to achieve the above objectives.

### **1.2 The Present Facilitation Project**

The project to facilitate further progress with the Liberalisation of Road Transport within SADC region was initiated by the Transport Division of the Infrastructure and Services Directorate within the SADC Secretariat.

The facilitator is Nick Porée and Associates, a transport economic, and logistics research and consulting firm based in Durban, South Africa.

The terms of reference of the facilitation project include 5 continuous Phases that will be defined as the results of each Phase are evaluated.

The details of the project methodology and TOR are shown in Annexure A.

### **1.3 Past Development of Bilateral Agreements**

Much work has been done in the past on the development of bilateral agreements among Member States and numbers of meetings have been held over a 30 year period since the original formation of the SADC. Evaluation of the process shows a continual evolution and implementation of the terms of the bilateral agreements involving all countries, over the period.

The discussion at the meeting of the Working Group on Road Traffic and Transport in Maputo in October 1984 covered the issues of;

- a) entry to the markets being controlled by permits
- b) flexibility in granting of permits
- c) bilateral agreements to be promoted
- d) the principle of reciprocity to be retained
- e) transit rights through a third country should be provided

Much the same issues were discussed at the first meeting of the SATCC Sub-Working Group on International Agreements in Maputo on 28-30 June 1994.

At the 3<sup>rd</sup> meeting of the SCOM on Road Infrastructure, Transport and Traffic in Harare on 20<sup>th</sup> November 2000 the Regional Freight Forwarders Association informed the meeting

that the bilateral agreements were not working. It was reported that the agreements were undermined by other agencies, communications between countries were poor, operators were confronted with continually changing tariffs without prior advice or consultation; it was suggested that the bilaterals were sound but the management procedures were inadequate and unsatisfactory. It was agreed that countries needed to strengthen their Joint Route Management Groups and Joint Committees and that countries without bilateral agreements should step up consultations.

At the Fourth Meeting of the Sub-Committee on Road Infrastructure, Transport and Traffic on 6-7 November 2001 in Luanda, the issue of development of a multilateral agreement was again raised. The Chairman of the sub-committee on the development of a multilateral agreement (Malawi) reported that a meeting, at which seven countries were represented, was held on 25-26 October 2001 to produce a multilateral framework. He gave an undertaking to circulate a draft multinational agreement by end of 2001.

In 2002 the Roads SCOM Task Force finalised and submitted a draft multilateral agreement to Member States<sup>16</sup> for review and comment. At the meeting held in November 2002 it was agreed not to propose the multilateral agreement for signature at that stage, but to first assess how the current regime of bilateral agreements was working.

The SADC Indaba held at Midrand in South Africa on 13-15<sup>th</sup> October 2009 under the auspices of the C-BRTA discussed the proposed [draft] terms of reference for Joint Committees (JCs) and Joint Route Management Groups (JRMGs) as defined in the bilaterals among Member States in an attempt to eliminate some of the problems currently encountered with implementation of the coordination referred to in the bilaterals.

At the meeting of the SADC Task Force Meeting held in Gaborone on 18-19<sup>th</sup> March 2010, there was a general consensus that the terms and provisions of the bilaterals were not the main problem, but that between most countries there was inadequate institutional and communication capacity and the activities of the coordinating authorities, whether JRMGs or JCs did not meet all the needs of coordinated planning.

It was pointed out that with the current bilateral arrangements some countries could conceivably be required to participate in meetings with 5-6 neighbouring countries a minimum of twice per year thereby requiring 12 meetings of JCs and 12 meetings of JRMGs, for which no budget or capacity was currently provided to relevant departments.

It was also apparent that there were major problems with the composition and availability of appropriate levels of national authority staff to attend JRMC meetings and make decisions. In addition, due to the wide range of issues covered in the bilaterals and therefore to be discussed at meetings there were problems in achieving serious focused decision making on all the issues by one or two delegates per country. For most countries, the appropriate decision makers in respect of many of the issues are spread out in a range of government departments, not represented at JRMC meetings. This resulted in a continual process of referrals and frequently the feedback was delayed or not forthcoming.

There is clear need for revision of the overall process of managing the various aspects of the bilateral agreements and an apparent need to disaggregate the terms and conditions of the bilaterals and to develop separate streamlined processes for more effective liaison between Member States to cover the issues that really do need to be coordinated.

The phased liberalisation described in Para. 7 of Article 5.3 of the SADC Protocol on Transport, Communication and Meteorology, implies a relaxation of market access barriers, once ratified by all Member States. It has been suggested that the onerous

coordination requirements could be reduced by management and communication of a multilateral agreement from a central secretariat within the SADC structures.

### 1.4 The Elements of Transport Liberalisation

The intentions of the SADC Member States are clearly defined in the SADC Protocol on Transport Communications and Meteorology<sup>1</sup> regarding the progressive liberalisation of the transport markets of the region. Trade integration and liberalisation of transport market access is to take place by a process of engagement, negotiation, and gradual harmonisation between Member States.

Intervention areas relating to Road Transport Market Liberalisation are contained in Chapter 5. Article 5.1 (Objectives) stipulates that;

*“Member States shall facilitate the unimpeded flow of goods and passengers between and across their respective territories by promoting the development of a strong and competitive commercial road transport industry which provides effective transport services.”*

The SADC Regional Indicative Strategic Development Plan (RISDP)<sup>3</sup> also contains somewhat ambitious target objectives to liberalise regional transport markets and to harmonise transport rules, standards and policies:

- Target 1 – Liberalise regional transport markets by 2008
- Target 2 – Harmonise transport rules, standards and policies by 2008
- Target 3 – Recovery of all costs of maintenance of infrastructure by 2008 and full infrastructure investment costs by 2013
- Target 4 – Removable of avoidable hindrances and impediments to the cross-border movement of persons, goods and services by 2015.

The RISDP places emphasis on regulatory regimes for road transport to reduce interstate transport costs and enhance the economic competitiveness of the region.

Complementary actions by SADC to promote the development of trade and industry in the region include an agreement in 2008 to form of a Free Trade Area and plans to launch a Customs Union in 2010. Progress with these initiatives has been slower than planned but the obstacles are formidable and the process will require a large amount of political will and decisive action on the part of all governments involved.

The removal of non-tariff barriers to trade is one of the most important activities that is being tackled regionally. SADC has several on-going initiatives to develop a regional road transport market characterised by well-maintained road infrastructure and efficient and safe transport services. It must however be noted that these laudable developments will contribute to regional trade integration but in isolation, will not necessarily improve efficiency of cross-border transport.

A report of the Committee on Regional Cooperation and Integration<sup>4</sup> noted that “recent evidence suggests that natural barriers may in general.....be a more important source of trade cost than trade policy”.

In order to achieve the goal of seamless cross-border transport there are four primary aspects of effective liberalisation and harmonisation that are essential for efficient movement of international road freight and passengers:

- a) International Regulation  
(efficiently managed international regulatory mechanisms)
- b) Harmonisation of Traffic Regulations  
(practicable regional harmonisation of road traffic legislation)
- c) Harmonisation of Transport Infrastructure  
(effective regional harmonisation of transport infrastructure )
- d) Cross-Border Procedures  
(efficient cross-border procedures and processes)

These four primary components of the liberalisation process are described in the following section, by way of isolating the components for further analysis.

### **a) International Regulation**

It is clear that the inter-state regulatory mechanisms and legislation are key elements that can enhance or impede liberalisation of road transport markets as they define the conditions for market access by the operational participants and create a framework within which operators (for hire and reward or for own-account) can pursue their business interests.

According to the SADC Protocol On Transport, Communications And Meteorology, Article 5.3 - Market Access in Respect of International Transport,

*“Member States shall progressively introduce measures to liberalise their market access policies in respect of the cross-border carriage of goods.”*

The relationships between the Member States in the region are currently regulated by bilateral road transport agreements that define the conditions under which road transport between countries may be performed. The current bilateral agreements mirror the terms of the SADC PTCM and as such they provide for a more or less uniform level of market access throughout the region based on Phase 1-3 rights and defined permit procedures, quotas and implied levels of interstate protection of own markets.

The phased approach to market liberalisation within SADC has permitted the Member States to proceed with caution and has achieved better levels of market integration than some more developed areas of the world where barriers remain after many decades of activity towards Free Trade Areas e.g. NAFTA<sup>7</sup>.

The process towards liberalisation of market access entails implementation of the phases in Box 1 below.

**Box 1 – Phases in Liberalisation**

“PHASE I: Abolition of restrictions on carriers of two Member States to carry goods on a defined route between –

- a) Such States; or
- b) In transit across the territory of another Member State en route to a third Member State or non-Member State:

(Provided that that such transit traffic may only be undertaken if the carrier’s vehicle traverses the territory of its home state).

PHASE II: Abolition of restrictions on carriers of one Member State to carry goods and passengers on a defined route between another Member State and a third Member State or non-Member State, (irrespective of whether the carrier’s vehicle traverses the territory of its home state) ; and

PHASE III: Abolition of restrictions on carriers of one Member State to carry goods and passengers between another Member State and a third Member State or a non-Member State.”

PHASE IV) Permission to transport goods and passengers within other Member States (Cabotage)

The terms and provisions of the bilaterals include emphasis on coordination between authorities but currently give no indication of further intentions to promote the liberalisation of market access for international transport.

Further steps toward liberalisation will depend on continued strong commitment of Member States to regional integration. The process of market integration would logically imply a generally positive climate for regional collaboration in which other aspects of regional harmonisation of road transport and traffic matters can be developed.

Further ongoing research is needed into the actual current effects of market access legislation and procedures to provide the basis for decision making. Studies such as the World Bank Policy Research Working Paper (4482) “The Impact of Regional Liberalization and Harmonization in Road Transport Services: A Focus on Zambia and Lessons for Landlocked Countries”<sup>5</sup> and the “Study on Transport Costs and Prices in Sub-Saharan Africa” 6, provide evidence of the need for change.

This current Facilitation Project must crystallise the actions required and maintain momentum in promoting agreement and implementation within a practicable time frame.

**b) Harmonisation of Road Traffic Regulation**

The current bilateral road transport agreements also contain provisions to achieve harmonisation of road infrastructure, traffic regulation and vehicle standards, vehicle dimensions and drivers licences. It must be noted however, that harmonisation of traffic legislation, does not necessarily increase the degree of market liberalisation or the efficiency of cross-border movements. Attempts at harmonisation of traffic regulations may in fact introduce the potential for conflict with each State’s internal traffic management and in any case will contribute little to the improvement of cross-border trade. The ongoing process of harmonisation of transport regulation by SADC amongst the Member States has contributed to the development of the present levels of inter-state road transport movements and laid the foundation for further liberalisation. The focus on the

harmonisation of driver licencing standards, vehicle dimensions, road user charges, and road signage etc has promoted the creation of a level playing field for regional road transport.

The aspects of cross-border harmonisation that are important issues and therefore essential elements of the liberalisation process are:

- a) Motor vehicle third party insurance systems
- b) Rationalisation and publication of road user charges

Both of these issues are the subject of current interactions between Member States and are receiving attention within the overall SADC initiative to promote the liberalisation of road transport in the region.

### **c) Harmonisation of Transport Infrastructure**

Harmonisation of road standards and signage refers to the process of defining acceptable standards and achieving agreement between countries to accept the systems employed by neighbouring countries. The achievement of absolute uniformity in all countries is not an essential requirement for transport liberalisation.

It is however essential that the different country authorities publish clear instructions regarding rules and regulations to be applied in their country and that advance notice is given to operators in all countries of any impending changes to standards or procedures.

### **d) Cross-Border Processes and Procedures**

The primary focus of the bilateral agreements on transport are the issues of market access and harmonisation of regulations that relate specifically to transport. There is a passing mention of the need to harmonise regulations, processes and procedures regarding the goods and passengers carried by the transport.

The regulations on cross-border trade and the actual border post operations are however the major problem areas that currently impose cost and inefficiency constraints on the movement of goods by road transport. These include the border crossing limitations of;

- transit and trade Customs Protocols, transit bonds, guarantees
- disparate customs regulations and charges
- poorly designed and / or inadequate infrastructure
- lack of communication and EDI facilities
- complex and duplicated documentation and inspection systems
- lack of integration of customs inspection, pre-clearing and payment systems in advance of vehicle arrivals at borders.
- lack of information and published charges and procedures
- staff levels and performance and border processing capacity
- corruption and deliberate obstruction

In most countries of the region the management of these processes resides in departments outside the control of the transport authorities, as they are performed by customs, police, immigration, and a range of other departments and agencies. In South Africa there are 14 separate departments and agencies that have interests in the cross-border process. These problems are being addressed by SADC and Sub-Saharan African Transport Policy Program (SSATP) with support from USaid, DFID and World Bank. The SADC Private Sector Workshop on Regional Integration in July 2008<sup>5</sup> called for Member States to prioritise these issues in order to promote the move towards the Free Trade Area. There remains a need for research and focused intervention to resolve the many obstacles to efficiency at the border crossings in the region.

In the planning of measures to alleviate border crossing problems it must also be borne in mind that there are some very considerable vested interests in the operation of the cross-border process that resist streamlining and reducing delays as these provide their living and reason for existence in proximity to the border. These interests include “agents”, money changers, prostitutes, hospitality and food vendors, and even border officials themselves.

The coordination and improvement of the many different border crossing activities is a formidable but essential task to be performed in the overall process of improving the efficiency of cross-border road transport. The investigation, evaluation and recommendation of solutions to the problems that cause the inefficiency of the border crossing process is not part of the current project (see Annexure A) but would form a useful extension to the terms of reference as much information is on hand and the need is urgent.

### **Summary:**

As described in this section, there are four main areas to be addressed in improving the efficiency of transport across borders:

- market access
- harmonisation of traffic regulations
- harmonisation of infrastructure
- harmonisation of cross-border processes

Three of them, market access, harmonisation of traffic regulations, and harmonisation of infrastructure are included in most of the agreements in existence; the fourth area of border efficiency is not included in the project Terms of Reference.

In the first phase of this project it is intended to review the bilateral road transport agreements in existence among Member States and firstly, to evaluate their current relevance and effectiveness and secondly to recommend a way forward to achieve the objective of generating a multilateral agreement containing revised relevant conditions, for consideration by decision makers.

In order to make progress towards the goal of improving efficiency and reducing costs, it will be essential to ensure that the key issues are thoroughly discussed and that all major stakeholders are brought on board. This will necessitate some rounds of discussion, that may need to take place in different countries in order to facilitate discussion in small working groups.

Simplification and further liberalisation of the terms of market access will permit the creation of a cross border Operator Card or licence similar to the successful COMESA Operator Licence.

This process will also facilitate extension of the coordination between SADC and COMESA countries.

## 2. Applicability of the Terms of the Bilateral Agreements

### 2.1 Objectives of Regulation

As mentioned in the introduction to this report the purpose of the bilateral road transport agreements between Member States is to give effect to the Terms of Article 5.3 of the SADC Protocol on Transport, Communication and Meteorology which states that “*Member States shall progressively introduce measures to liberalise their markets access policies in respect of the cross-border carriage of goods.*”

The stated goal of progressive liberalisation implies reducing quantity regulation and increasing freedom to move and trade across borders. It does not suggest any reduction in quality regulation and may in fact require higher levels of quality regulation for some states in order to reassure their neighbours that they should permit more vehicles from the neighbour state on their roads.

The historical situation between USA and Mexico is a case in point, where despite the creation of the North American Free Trade Area (NAFTA)<sup>6</sup> USA authorities have been sceptical about vehicles and driver standards and the security of Mexican trucking companies in respect of drugs, contraband, and human traffic. They have therefore historically resisted opening the borders on a reciprocal basis. This has of course led to retaliation by Mexico and created an unnaturally complex border regime that will take some time to resolve.

There are parallels in SADC where some countries are notorious for the numbers of illegal driver's licences in circulation and in other countries there are dubious controls of vehicle standards.

With regard to quantity regulation, most of the SADC countries that have signed bilateral agreements have retained the “third country rule” and do not allow “cabotage”. These measures being designed to “protect” their national carriers. There is need for further introspection by authorities with regard to national priorities, as the path to full liberalisation of road transport is beset by tough choices regarding the relevance of protection and possible promotion of mediocrity and inefficiency. This must be compared to the benefits of market freedom and resulting pressures for performance by competing transport service providers.

There are trade-offs in the decision process regarding levels of protectionism between the transport industries of neighbouring states. Decisions regarding transport liberalisation by governments have cost and service impacts on the industrial users of the transport as well as the businesses of transporters. There are also costs incurred by the various state authorities that expend resources on managing the transport regime. The impacts on various role-players from the progressive transition from a condition we designate as Phase 0 [restricted market] to Phase 4 [Free market], is shown in Table 2 below.

As a general principle, the reduction of quantity regulations increases competition and efficiency and reduces costs to end users. The process may lead to some casualties among local carriers. But as they have theoretically got the advantage of closeness to customers, local connections and language, costs of operation, company and labour legislation and local management on their side, they are to an extent insulated from foreign competition for all but very large local operations.

In the gradual liberalisation of transport markets the last barrier to be removed is usually cabotage, as it is generally regarded as the preserve of the local carriers. In some

countries the protection of local markets has led to formation of inefficient cartels and industry domination that is less efficient than would be the case if there were foreign competition. The effects of protectionism in West Africa, are described in the World Bank research report “Study on Transport Costs and Prices in Sub-Saharan Africa”<sup>7</sup>

It must also be noted that within SADC region there is a considerable amount of cross ownership of transport companies between the various nationalities and investment in shares of foreign transporters is common. In particular, the ownership of transport companies in Zambia, Zimbabwe and South Africa by foreign nationals (both SADC and overseas) is a normal feature of the market.

**Table 2 - Progression in the Liberalisation of Market Access**

Phase	Conditions	Description	Impact on carriers	Impact on Industrial Users	Impact on Country	Impact on Authority	Example
<b>Phase 0</b>	No reciprocal Access	All transport in each state is performed by own carriers Cross border transport is all one way	Protection of local carriers increases rates One way haulage means empty backhauls and increases rates	Higher transport costs Lower export competitiveness	Reduced investment in potential export industries Higher local production and distribution costs may encourage imports of made-up goods	Minimal regulation - policing only Reduced Taxation income Reduced industrial development	Mexico - USA
<b>Phase 1 (i)</b>	Transport between states A and B <u>only</u>	Transport of goods between states A and B only by carriers registered in those states	Restricted markets limited to local industries and import export demand Exclusion of some external competition May promote formation of cartels	Need to contract with specific carriers for specific routes or countries May increase rates	Limits scope of transport market and may increase transport costs	Need for regulatory action such as permits	Canada - USA
<b>Phase 1 (ii)</b>	Transport of goods between States A and B or ; on a defined route from A in transit through B to C or D - <u>only if journey includes travel in A.</u>	Transport by carriers from A to B, C, D in both directions starting or ending in home state	More flexibility to achieve backloads Restricts market to two way trade between home state and other states Increases competition among carriers	Permits contracts with carriers from more countries May improve competition and reduce rates May encourage buy-ins or buy-outs of carrier companies	Higher level of trade integration Reducing logistics costs Increased flexibility of transport market	Increased activity may need further regulation to effectively control the carrier O&D actions.	SACU
<b>Phase 2</b>	No restriction on carriers of State A to transport goods on defined routes between B and C or D <u>even if the journey does not include home State travel</u>	Transport by carriers from A to B can include backhauls and extended operations between B, C and D	Allows circular routing and optimising backhauls by pickup and drop along a multi-country routing. Increases vehicle utilisation	Increases options for contracting carriers seeking backhaul cargo along routes Reduces rates	Increased competition in the transport market Improved logistical flexibility and trade integration with neighbour States	Lessens need for monitoring carrier O&D	Mozambique - SA Zambia - SA Malawi - SA Zambia - Tanzania
<b>Phase 3</b>	Transport on a defined route, of goods from A between B to C or D without restriction.	Transport by regional carriers between all States without restriction	Increased market opportunities Increased competition Better vehicle utilisation Increased need for logistics coordination from all origins and destinations Increased vehicle control and scheduling	More flexible market More options for contracting carriers More competition , lower rates	Promotes optimal levels of competition and freedom to develop transport systems.	Reduced monitoring and concentration on quality regulation	Zimbabwe - SA
<b>Phase 4</b>	Free market in region including cabotage	Any carrier registered and properly equipped, able to perform transport throughout the region	Increased competition for local carriers in all countries Likely to reduce numbers of operators but increase professionalism	Provides options for contracting best possible operators or setting up inter-country carrier operations Reduces costs	May attract FDI in transport distribution companies Reduced logistics costs	Reduced monitoring and concentration on quality regulation	European Union

With the foregoing in mind it is relevant to evaluate the conditions that are currently imposed in the existing bilateral agreements and to assess whether they are having a positive or negative effect on the long term goal of achieving highly efficient cross-border transport of people and goods.

The main categories of provisions that appear in the existing bilaterals are discussed below.

### 2.2 Quantity Regulation

Control of the transport markets in all countries of SADC has been the major reason for the development of bilateral agreements between countries, driven primarily by the official view that control is important, without clear definition of what must be controlled and without appropriate research results to necessarily motivate the need for quantity control.

It is noteworthy, before analysing the current problems that are experienced with the application of the quantity regulation, that almost all the regulations have been developed by government officials, with provisions modelled on overseas historical interstate protection patterns with very little input from the private sector industrial customers and other users of the freight and passenger transport industry.

In relation to road transport, it is significant that in contrast to the level of regulation expressed in the bilaterals, the objectives and purposes of the SADC Protocol<sup>1</sup> relate mainly to the promotion of private sector activity with concepts such as such as,

“free market environment “. ...“ freedom of transit for persons and goods”;  
“promote economically viable, integrated, service provision” ...”high performance standards, consistent levels of efficiency and reliability”.....

The reports from several studies of cross-border transport show that the actual current situation bears little resemblance to the noble state envisaged in the protocol, and there appears to be little impetus to change the situation that has been reported by various researchers dating back to the SADC study in 1994<sup>(8,9,10,11,12)</sup>.

In contrast to the regulated market access provisions, users of transport, both passengers and goods are mainly interested in efficiency, cost, convenience, safety and reliability and have very little interest in all the complexities of the quantity regulation or “market protection “ system that has been created between states.

From the transport industry perspective, transporters strive to maximise efficiency, control costs, and make profits. Most of the current market access regulatory actions detract from the effectiveness of the transport operations and increase costs.

The main current justification for quantity regulation appears to be;

- to achieve identification of foreign carriers, vehicles and drivers
- to ensure payment of road usage charges and permit fees
- to obstruct foreign carriers from extending operations

It is also apparent from discussions at the Task Force meeting that the application of the regulations by the various authorities, to achieve the regulations in the bilaterals has resulted in a highly adversarial relationship between enforcement officials and transporters in most of the Member States. The current disparity of intention and application is not conducive to cooperation and collaborative development of the systems that are urgently needed to resolve the current inefficiencies with the cross-border transport systems in the region.

### **a) Market Access Regulations**

The need to control market access is currently assumed, unquestioned in current debates, despite the stated future liberalisation goals of the SADC Protocol. Access is controlled by issue of permits conferring specific rights.

In order to manage the quantity regulation there are throughout the region, a whole set of authorities, procedures, documentation, conditions, duties, responsibilities and penalties, the cost of which is borne by all countries, which reduce the efficiency and increase the costs of road transport without adding significant value.

There has been very little research done to establish the actual effect of the regulatory barriers between countries and the cost impacts of the permit and quota system on the size of transport operations and costs of transport in the various countries. The research will form part of Phase 2 of this project.

Teravaninthorn and Raballand<sup>7</sup> support the review of bilateral agreements, and the road user charges, taxes and levies paid to maintain the regulatory environment, as a means of reducing transport costs.

Raballand, Kunaka and Giersing<sup>13</sup> conclude that the lifting of third party and cabotage rules would probably have minimal effect on the actual operation of road freight services on the north-south corridor (and this is likely to apply to most of the region).

The implications for passenger transport may be different, but if liberalisation is the avowed goal of the region, research is needed to evaluate whether all the panoply of controls is achieving any real advantage for the countries and for the users concerned.

### **b) Permits and Quotas**

Within the present systems, the primary purpose in the issuing of permits is that they serve to identify the carrier, the vehicle/s, the intended journey and they provide opportunity to charge for use of the road pavement of the receiving country. There are few official tracking mechanisms so that adherence to permit conditions is largely voluntary. Foreign carriers in default are usually reported by local competitors.

From the operator perspective, permits should be restricted to the prime-mover in a combination of vehicles as the inclusion of semitrailers and trailers is an unnecessary complication and driver and prime-mover provide the constant link to the operator.

Permits are currently issued for one trip, for 14 days, for 3 months or one year, subject to various conditions.

The theoretical purpose of the permits is to ensure "equity" of participation in the transport markets of the relative countries, and to limit the activities of foreign carriers. In practice the decisions by carriers to enter specific sectors of the road transport markets are based on the availability of cargoes, the market opportunity. The regulations merely serve as an obstruction to be circumvented.

From the country perspective the operation of transport by a foreign national is no different to any other Foreign Direct Investment (FDI) and should in fact be welcomed in the same way that investors are welcome to build filling stations or factories. In practice local people are employed and local industries are served.

Transport industry participants make the necessary arrangements to get around permit and quota systems by means of inter-firm cooperation, investment in foreign transport companies or setting up depots in various countries. These activities may give rise to additional costs, which are then charged to the industrial users in the country concerned. It is noteworthy that South Africa as the only country that issues cabotage permits, with the biggest scope for cabotage due to the size of the industrial economy, only issues about 1100 permits per year.

### **c) Insurance, Bonds and Guarantees, Fees and Taxes**

The issue of insurance, bonds, guarantees, fees and taxes are referred to in the bilateral agreements by passing reference to the need to endeavour to implement uniform measures, without specific indications as how they are to be resolved.

It is noted that the Joint Committee is to be considered competent to discuss all matters relating to harmonisation and to make recommendations, but it is recommended that efforts are made to obtain the attendance of authorities relevant to decisions on these issues.

### **3rd Party Motor Vehicle Insurance**

There is a need to develop an effective means of managing the issue of 3rd Party insurance between all Member States.

The SADC Task Force on 3<sup>rd</sup> Party Insurance met in Gaborone on 16-17 March 2010<sup>15</sup>.

The three systems of insurance in current use in SADC countries are;

- the COMESA Yellow Card system,
- The SACU Fuel Levy and Road Accident Fund system and
- the Cash Payment at Borders System

It is noted that several meetings have been held, without resolving the situation that is mainly the result of lack of funds and problems with control and management of the SACU and Cash payment systems.

### **Transit Bonds**

As part of the cross border movement of goods it is essential to clear up the issue of customs bonds for transit cargo, but from the forwarder perspective this will depend on adequate electronic data interchange to ensure that processes are streamlined and not dependent on hard copy documentation.

### **Commercial Vehicle Guarantees**

Commercial vehicle guarantees are mentioned in the South Africa bilaterals but not in some of the other country bilaterals.

## **2.3 Quality Regulation**

References to quality regulation in the bilateral agreements are very generalised, with typical reference being;

“the contracting parties shall endeavour to harmonise standards in respect of vehicles and drivers”

The harmonisation referred to includes mainly the following.

1. Rules regarding vehicle dimensions and configurations
2. Rules regarding drivers and licences

3. Rules regarding operation of vehicles
4. Rules regarding loads, weights, dangerous goods, abnormal dimensions

### **Comment:**

The inclusion of operational quality controls in the bilateral agreements has tended to introduce an unnecessary dimension in relation to transport liberalisation. The issues such as vehicle dimensions, specifications, driver licencing etc., are all matters for the appropriate national authority in each country, they are aspects of transport regulation that will change and evolve with time and are unlikely to be permanently resolved by Joint Route Management Committees.

The national standards should be published and compared, and where possible the standards should be harmonised. This process should take place between Departments of Transport and Traffic and then be monitored separately from market access legislation. For the purpose of this project it is however relevant to discuss the impacts of each issue in turn, in relation to whether there is need to include them in the bilaterals.

### **Vehicle Configurations**

The harmonisation or definition of vehicle standards for specific countries does not need specific bilateral negotiation and if one country has standards different to others it is of no great consequence to operators as long as the specifications are not arbitrary, do not change too frequently and are published. In practice, most of the vehicles operating in SADC region are very similar and are mostly derived from the same manufacturers.

As an example, for South African operators entering Mozambique the limitation on vehicle size imposed by the restriction of Longer Combination Vehicles (LCVs) is purely a matter of vehicle selection and scheduling. If there were transport cost penalties incurred by the smaller configuration and load, they will be borne by Mozambique customers, so the decision has no real impact on the carrier. In practice Mozambique now permits LCVs to operate between Ressano Garcia and Matola to accommodate import - export cargoes [a sensible and pragmatic arrangement given the standard of the new roads].

In many areas overseas there are local restrictions on size, weight and length of vehicles permitted on specific roads, but these do not require international harmonisation.

A table of some pertinent standards for Goods Vehicles is attached as Annexure B to this report. The information for several countries is in need of updating and it is hoped that this will be done in this project.

### **Operating and Maintenance Standards**

Of far greater importance than vehicle dimensions are the need to define operating and maintenance standards, including:

- Registration and recording of operators
- Procedures and frequency of testing and certification of vehicle fitness
- Standards for road side inspections, tyres, lights, brakes,
- Training, testing and licencing of drivers (and Professional Drivers Permits)
- Control of transport of dangerous goods
- Control of transport of abnormal loads
- Operating standards, speed, illegal parking

## Facilitation of the Liberalisation of Road Transport in the SADC

The process of comparison should be fairly simple and can be done by means of publication of one set of standards and comparison of each term to identify variances. If required the process can be included in the current facilitation project.

### 3. Evaluating the Management of the Bilateral Agreements

The SADC Secretariat collected a sample of 16 bilateral and multilateral agreements<sup>14</sup>, which were transmitted to the facilitator as base material for the preparation of material to be used in the presentation to the Task Force on Transport Liberalisation in Gaborone, Botswana on 18-19<sup>th</sup> March 2010.

The bilateral agreements amongst the Member States all cover the same basic regulatory aspects of market access, conditions for issue of cross-border permits, information required for permit applications, road usage charges, and commitments to seek closer harmonisation of operating standards, conditions, regulations, and charges in the interest of promoting efficiency and reducing the costs of inter-state transport.

The sample of bilateral, MOU and multilateral agreement documents is shown in Table 2 below.

**Table 2 – Sample of Current Transport Agreements**

COUNTRIES	Angola	Botswana	Lesotho	Malawi	Mozambique	Namibia	South Africa	Swaziland	Tanzania	Zambia	Zimbabwe
Angola											
Botswana			MOU			MOU-C	MOU-C/MOU	MOU			
Lesotho		MOU					MOU	MOU			
Malawi									C		
Mozambique				BP			BP/BG	BRT			BRT
Namibia		MOU-C					MOU-C			BRT	
South Africa		MOU-C/MOU	MOU	BRT	BG	MOU-C		MOU		BRT	BRT
Swaziland		MOU	MOU				MOU				
Tanzania					BG/BP					BRT	
Zambia											
Zimbabwe		BRT									
<b>Legend:</b>											
	BRT	=	Bilateral Agreement Road Transport								
	BP	=	Bilateral Agreement on carriage of passengers								
	BG	=	Bilateral Agreement on carriage of goods								
	C	=	Corridor Agreement								
	MOU	=	Memorandum of Understanding (SACU)								
	MOU-C	=	Memorandum of Understanding (Trans-Kalahari Corridor)								

The bilaterals received were used to analyse and record the structures, content, and the terms and conditions before as a basis for later evaluation of the relevance and the application of the terms of the bilaterals to the promotion of transport liberalisation.

As a **first step** in the analysis the Index (Table of Contents) for 9 selected bilateral and multilateral agreements were compared by colour coding the similar terms that appear in

the different documents. The resulting pictorial analysis indicates that although the structure and format of the bilaterals is quite different the subject of the Clauses (or articles) of the agreements are very similar, with the same terms recurring with slight variations in most of the documents. The analysis is shown in Table 3, below.

The **second step** was to re-align all the clauses (or articles) by colour code as shown in Table 4, below. The resulting pictorial analysis confirms the high level of similarity between the documents and offers confirmation that the process of combining the bilaterals into one multilateral document should be practically achievable.

Table 3 – Illustrative Analysis of the Terms and Conditions in 9 selected Bilateral and Multilateral Agreements

Bilateral Road Transport Agreements							The Malawi-Tanzania Corridor Transport System	SACU - MOU
South Africa and Malawi	South Africa and Zambia	South Africa and Zimbabwe	South Africa and Mozambique	Tanzania and Mozambique	Tanzania and Mozambique	Tanzania and Zambia	Malawi and Tanzania	Botswana, Lesotho, South Africa, Swaziland
						1. Title 2. Table of Contents		
				Carriage of Goods by Road	Conveyance of Passengers by Road	3. Preamble 4. Article I: Definitions		
Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	5. Article II: Objectives	Article 1: Objectives	I: Definitions
	Article 2: Objectives	Article 2: Objectives	Article 2: Establishment and Functions of a Joint Committee	Article 2: Objectives	Article 2: Objectives	6. Article III: Cabotage	Article 2: Definitions	II: Objectives
Article 2: Cabotage	Article 3: Cabotage	Article 3: Establishment and Functions of a Joint Committee	Article 3: Cabotage	Article 3: Cabotage	Article 3: Cabotage	7. Article IV: Granting of Rights	Article 3: Right of Transit	III: Permits
Article 3: Effect of Agreement on Third Parties	Article 4: Authorisation of Goods Transport	Article 4: Application and authorisation of cross border freight transport	Article 4: Application and authorisation of cross border goods transport	Article 4: Transport to non-contracting parties	Article 4: Transport to non-contracting parties	8. Article V: Entry Points and Transit Routes	Article 4: Port Facilities	IV: Passenger Transport
Chapter II: Authorisation of cross-border goods transport	Article 5: Authorisation of passenger transport	Article 5: Establishment and Functions of a joint Route Management Committee	Article 5: Vehicle Manifest and Customs Documentation	Article 5: Application and authorisation of cross-border carriage of goods	Article 5: Application and authorisation of cross-border passengers	9. Article VI: Technical Standards	Article 5: Provisions relating to Fuel	V: Passenger Transport
Article 4: Application for and issuing of permits/Joint Route Management Committee	Article 6: Joint Committee	Article 6: Application and Authorisation of cross-border passenger transport	Article 6: Establishment and functions of a joint Route Management Committee	Article 6: Exemptions	Article 6: Exemptions	10. Article VII: General Permits	Article 6: Conditions of Transit Routes	VI: Other Provisions
Chapter III: Authorisation of Passenger transport	Article 7: Information Management	Article 7: Information Management	Article 7: Exchange of information and registers	Article 7: Establishment and functions of a Joint Committee	Article 7: Establishment and functions of a Joint Committee	11. Article VIII: Cargo Services and Permits	Article 7: Road Transport	VII: Implementation
Article 6: Application for and issuing of permits	Article 8: Technical Matters	Article 8: Vehicle and Driver Requirements	Article 8: Administrative capacity	Article 8: Establishment and Functions of a Joint Route Management Group	Article 8: Establishment and Functions of a Joint Route Management Group	12. Article IX: Passenger Services and Permits	Article 8: Use of Tazara	VIII: Exemptions
Article 7: Passenger Lists	Article 9: Ancillary Matters	Article 9: Harmonisation of Technical Standards	Article 9: Vehicles	Article 9: Exchange of Information and Registers	Article 9: Exchange of Information and Registers	13. Article X: Establishment of a Joint Road Transport Committee	Article 9: Malawi Cargo Centres	IX: Final Provisions
Chapter IV: Administrative Matters	Article 10: Application of Legislation	Article 10: harmonisation of Commercial vehicle guarantees, fees and Border-post	Article 10: Harmonisation of Standards	Article 10: Entry Points and Transit Routes	Article 10: Entry Points and Transit Routes	14. Article XI: Application of Legislation	Article 10: Ownership of Assets in Tanzania by Malawi	Annexure A: Method for Calculating and Phasing of Quotas
Article 8: Joint Committee	Article 11: Infringements	Article 11: Application of Legislation	Article 11: Ancillary matters	Article 11: Capacity Management	Article 11: Capacity Management	15. Article XII: Taxes, Fees and other Charges	Article 11: Customs Control	Annexure B: Southern African Customs Union Road Transport Permit Competent Authority
Article 9: Dispute Resolution	Article 12: Entry into force, Amendment and Termination of agreement	Article 12: Infrngments	Article 12: Application of legislation	Article 12: Technical matters	Article 12: Technical matters	16. Article XIII: Information Management	Article 12: Documentation and Procedures	Annexure c: Registers to be Kept
Article 10: Collection and Exchange of Information and Registers	Article 13: Notice Clause	Article 13: Final Provisions	Article 13: Law Enforcement	Article 13: Harmonisation of Standards	Article 13: Harmonisation of Standards	17. Article XIV: Immigration Formalities	Article 13: Rates, charges and payment Arrangements	Annexure D: Southern African Customs Union Consignment Note
Article 11: Administrative Capacity	Annex A: Permit Application Form	Annex A: Permit Application Form	Article 14: Final provisions Annex A: Permit Application Form	Article 14: Ancillary Matters	Article 14: Ancillary Matters	18. Article XV: Infringements	Article 14: Immigration	Annexure E: Southern African Customs Union Passenger List
	Annex B: Permit Issued	Annex B: Permit Issued	Annex B: Permit Issued	Article 15: Application of Laws	Article 15: Application of Laws	19. Article XVI: Amendments	Article 15: Miscellaneous	Annexure F: Harmonised Vehicle Standards
	Annex C: Replacement of Vehicle	Annex C: Replacement of Vehicle	Annex C: Replacement of Vehicle	Article 16: International Obligations	Article 16: International Obligations	20. Article XVII: Entry into Force	Article 16: Joint Committee and Competent Authorities	
	Annex D: Cargo Manifest	Annex D: Consignment Note	Annex D: Replacement of Vehicle	Article 17: Infringement and Enforcement	Article 17: Infringement and Enforcement	21. Article XVIII: Settlement of Disputes	Article 17: Settlements of Disputes	
	Annex E: Passenger Manifest	Annex E: Passenger List	Annex D: Vehicle Manifest	Article 18: Amendments	Article 18: Amendments	22. Article XIX: Duration and Termination of the Agreement	Article 18: Amendments	
	Annex F: Registers to be kept	Annex F: Registers to be kept	Annex E: Registers to be kept	Article 19: Settlement of Disputes	Article 19: Settlement of Disputes		Article 19: Entry into Force	
				Article 20: Entry into Force and Duration	Article 20: Entry into Force and Duration		Article 20: Termination	
				Article 21: Termination	Article 21: Termination		Protocol A: Port Operations Protocol B: Malawi Cargo Centres Protocol C: Competent Authorities	

Table 4 - Illustrative Alignment of the Terms and Conditions in 9 selected Bilateral and Multilateral Agreements

SUBJECT	Bilateral Road Transport Agreements						The Malawi-Tanzania Corridor Transport System	SACU - MOU
	South Africa and Malawi	South Africa and Zambia	South Africa and Zimbabwe	South Africa and Mozambique	Tanzania and Mozambique	Tanzania and Mozambique	Tanzania and Zambia	Botswana, Lesotho, South Africa, Swaziland
DEFINITIONS	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 1: Definitions	Article 2: Definitions	I: Definitions
OBJECTIVES	Article 2: Objectives	Article 2: Objectives	Article 2: Objectives	Article 2: Objectives	Article 2: Objectives	Article 2: Objectives	Article 1: Objectives	II: Objectives
JRMC AUTHORITY	Article 4: Application for and issuing of permits/Joint Route Management Committee	Article 5: Establishment and Functions of a Joint Route Management Committee	Article 5: Establishment and Functions of a Joint Route Management Committee	Article 6: Establishment and Functions of a Joint Route Management Committee	Article 8: Establishment and Functions of a Joint Route Management Group	Article 8: Establishment and Functions of a Joint Route Management Group	Article 16: Joint Committee and Competent Authorities	
JOINT COMMITTEE	Article 8: Joint Committee	Article 6: Joint Committee	Article 3: Establishment and Functions of a Joint Committee	Article 2: Establishment and Functions of a Joint Committee	Article 7: Establishment and functions of a Joint Committee	Article 7: Establishment and functions of a Joint Committee	Protocol C: Competent Authorities	
ADMIN CAPACITY AND QUOTAS	Article 11: Administrative Capacity			Article 8: Administrative capacity	Article 11: Capacity Management	Article 11: Capacity Management		Annexure A: Method for Calculating and Phasing of Quotas
CABOTAGE	Article 2: Cabotage	Article 3: Cabotage	Article 4: Application and authorisation of cross border freight transport	Article 3: Cabotage	Article 3: Cabotage	Article 3: Cabotage	6. Article III: Cabotage	Article 3: Right of Transit
AUTHORISATION OF RIGHTS	Chapter II: Authorisation of cross-border goods transport	Article 4: Authorisation of Goods Transport	Article 5: Authorisation of cross-border passenger transport	Article 4: Application and authorisation of cross border goods transport	Article 5: Application and authorisation of cross-border carriage of goods	Article 5: Application and authorisation of cross-border passengers	7. Article IV: Granting of Rights	Article 6: Conditions of Transit Routes
INFORMATION	Article 10: Collection and Exchange of Information and Registers	Article 7: Information Management Annex F: Registers to be kept	Article 7: Information Management Annex E: Registers to be kept	Article 7: Exchange of information and registers Annex E: Registers to be kept	Article 9: Exchange of Information and Registers	Article 9: Exchange of Information and Registers	16. Article XIII: Information Management 8. Article V: Entry Points and Transit Routes	Annexure C: Registers to be Kept
INFRINGEMENTS	Article 9: Dispute Resolution	Article 11: Infringements	Article 12: Infringements	Article 13: Law Enforcement	Article 17: Infringement and Enforcement	Article 17: Infringement and Enforcement	18. Article XV: Infringements 21. Article XVII: Settlement of Disputes	Article 17: Settlements of Disputes
TECHNICAL HARMONISATION		Article 8: Technical Matters	Article 8: Vehicle and Driver Requirements	Article 9: Vehicles	Article 12: Technical matters	Article 12: Technical matters	9. Article VI: Technical Standards	Annexure F: Harmonised Vehicle Standards
APPLICATION AND CONDITIONS		Article 9: Ancillary Matters	Article 11: Application of Legislation	Article 11: Ancillary matters	Article 10: Entry Points and Transit Routes	Article 10: Entry Points and Transit Routes	14. Article XI: Application of Legislation	
	Chapter IV: Administrative Matters	Article 10: Application of Legislation	Article 13: Final Provisions	Article 14: Final provisions	Article 18: Amendments	Article 18: Amendments	15. Article XVI: Amendments	Article 18: Amendments
DURATION		Article 12: Entry into force, Amendment and Termination of agreement	Article 13: Notice Clause		Article 20: Entry into Force and Duration	Article 20: Entry into Force and Duration	22. Article XIX: Duration and Termination of the Agreement 20. Article XVII: Entry into Force	Article 19: Entry into Force
EFFECT ON THIRD PARTIES AND COMMERCIAL GUARANTEES	Article 3: Effect of Agreement on Third Parties		Article 10: Harmonisation of Commercial vehicle guarantees, fees and Border-post				15. Article XII: Taxes, Fees and other Charges	Article 13: Rates, charges and payment Arrangements
DOCUMENTATION AND ADMINISTRATION	Chapter III: Authorisation of Passenger transport	Annex A: Permit Application Form	Annex A: Permit Application Form	Annex D: Vehicle Manifest			10. Article VII: General Permits	Annexure B: Southern African Customs Union Road Transport Permit Competent Authority
	Article 6: Application for and issuing of permits	Annex B: Permit Issued	Annex B: Permit Issued	Annex A: Permit Application Form			11. Article VIII: Cargo Services and Permits	Article 5: Provisions relating to Fuel
	Article 7: Passenger Lists	Annex C: Replacement of Vehicle Manifest	Annex C: Replacement of Vehicle Manifest	Annex B: Permit Issued			12. Article IX: Passenger Services and Permits	Article 8: Use of Tazara
		Annex D: Cargo Manifest	Annex D: Consignment Note	Annex C: Replacement of Vehicle Manifest			17. Article XIV: Immigration Formalities	Annexure D: Southern African Customs Union Road Transport Permit Competent Authority
		Annex E: Passenger Manifest	Annex E: Passenger List	Article 5: Vehicle Manifest and Customs Documentation			Article 11: Customs Control	Annexure E: Southern African Customs Union Passenger List
MISCELLANEOUS CONDITIONS					Article 16: International Obligations	Article 16: International Obligations	Article 4: Port Facilities	Article 14: Immigration
TERMINATION					Article 21: Termination	Article 21: Termination	Article 15: Miscellaneous Protocol A: Port Operations	Protocol B: Malawi Cargo Centres

The **third step** in the analytical process was to create a summary of the terms and conditions as they occur in the aligned Table 4. The summary list is shown in the “blue” column at the left side of the table.

The **fourth step** was to use the summary list of the contents of the bilaterals to produce a proforma checklist of issues covered by the agreements. This check list was then handed out the Members of the Task Force on Transport Liberalisation at the afternoon session of the meeting in Gaborone, with a request for the delegates from each country to please briefly note the extent to which each main term and condition was being successfully implemented.

The checklists with comments were received from 6 countries (Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe as well as from FESARTA and Botswana Transport Operators.

In the **fifth step** the comments received, were analysed very broadly into two categories, being OK [specific issue is working well] or Not OK [ the specific issue has problems of implementation].

The analysis showed that of the 18 areas covered by the checklist all were perceived to be unsatisfactory by some countries and the overall evaluation showed that most of the country representatives believed there was need for change. The analysis of the issues is shown in Table 5 below.

There was a general consensus that the management structures and processes, the harmonisation of documentation and the administration of 3<sup>rd</sup> Party Insurance were in need of urgent resolution.

Task Force Members voiced support for the present initiative to facilitate and provide momentum to the further development of the liberalisation process for Transport in the SADC region.

Facilitation of the Liberalisation of Road Transport in the SADC

CURRENT APPLICATION OF THE BILATERAL AGREEMENTS IN EACH COUNTRY									
COMMENTS AND OBSERVATIONS									
LEGEND = OK = NOT OK	0 1	BOTSWANA	MALAWI	MOZAMBIQUE	SOUTH AFRICA	ZAMBIA	ZIMBABWE	FESARTA	% NOT OK
DEFINITIONS		0	0	0	0	0	0	1	14
OBJECTIVES		0	0	1	0	0	1	0	28
JRMC AUTHORITY		1	0	1	1	1	1	1	85
JOINT COMMITTEE (Activity/effectiveness)		1	1	1	1	1	1	1	100
ADMIN CAPACITY AND QUOTAS PERMITS		1	0	1	1	0	1	1	71
AUTHORISATION OF RIGHTS AND CABOTAGE (actual application)		0	1	0	0	1	1	1	57
INFORMATION (Current/Complete)		1	1	1	1	0	1	1	85
INFRINGEMENTS (Application)		1	1	1	1	0	1	1	85
TECHNICAL HARMONISATION (Progress)		1	1	1	1	1	1	1	100
APPLICATION AND CONDITIONS		0	0	1	1	1	0	1	57
DURATION		0	0	0	1	0	0	0	14
EFFECT ON THIRD PARTIES AND COMMERCIAL GUARANTEES (Insurance )		1	1	1	1	1	1	1	100
DOCUMENTATION AND ADMINISTRATION		1	0	1	1	0	1	1	71
Standardisation		1	1	1	1	1	1	1	100
MISCELLANEOUS CONDITIONS		1	0	0	0	0	1	1	42
TERMINATION		0	0	0	1	0	0	0	14
OTHER COMMENTS		1	0	1	1	1	1	1	85
		11	7	12	13	8	13	14	

#### **4. Aspects of Transport Regulation**

In Phase 2 of this project the terms and conditions of the bilateral and multilateral agreements will be analysed in detail and a draft of a proposed multilateral agreement will be produced for discussion and evaluation by the Task Force on Transport Liberalisation.

As a background to evaluating the potential for improving the current terms and administration of the bilateral [and multilateral] agreements to achieve the objectives of transport liberalisation, it is relevant to consider the principles that have proved to be fundamental, over time, for effective regulation of transportation in all modes.

The principles, based on transport economics and the interactions between users, transporters and authorities are evident in the successful regulation of commercial airline, maritime, road and railway transport in international transport and most of the developed economies of the world.

##### **4.1 Principles of Transport Regulation**

1. Transport demand is derived from the needs (demand) of users [passengers and goods], and in the absence of demand, there is no need for transport.
2. Supplying transport infrastructure and services in order to “create” demand, is usually not economically sustainable and creates unintended cost distortions that then have to be recovered elsewhere.
3. Road freight transport is an external function of the production and supply of goods to meet customer (market) demands, that takes place on public roads.
4. The major proportion of the costs of freight transport are borne by commercial users [transporters include all charges in their rates], therefore economic decisions regarding transport charges must be evaluated for their impact on the economics of industry, agriculture, mining etc.
5. There are unrecovered costs of supplying road transport that accrue to the government as supplier of public roads.
6. Increasing competition for the supply of transport services drives rates down.
7. Quantity regulation of the supply of transport services drives rates up.
8. Market demand will generally [with some imperfections] dictate the amount of transport services supplied.
9. Increased competition forces transporters to reduce costs and therefore leads to pressures to reduce “quality” of service.[e.g. reduced maintenance, increased loading, longer driving hours etc].
10. Ruinous competition promotes avoidance of quality regulation and increases externalities, such as pollution, accidents, speeding etc.
11. Quantity regulation has impact on the economics of industries and users of transport.
12. Quality regulation has impacts on society, in terms of safety and environmental considerations, levels of transport competition and the supply of services.
13. Where there is great ease of entry to the transport occupation it is essential to enforce minimum standards to avoid large numbers of very small businesses too small to be viable, surviving by unacceptable practices e.g. taxis.

## **4.2 The Process of Transport Regulation**

The term “regulated competition” in relation to the supply of transport services, refers to the regulation of “quality” of all aspects of the transport operation and this is achieved through a set of processes and procedures.

Quality regulation must necessarily be based on defined, measurable, practicable standards for all aspects of the transport operation. The regulations must achieve the limitation of unwanted externalities at an affordable cost to the end users of the service. Excessively high standards [or costs, and terms of compliance] can price the transport service out of the range of the available market demand.

Management of quality regulation requires a process of defining standards and then monitoring them. This process is usually performed by authorities, but many of the actions can be successfully provided by dedicated service providers [as with marine surveyors, auditors and testing stations] and may also be underwritten and controlled by associations or institutions [ e.g. insurers, accreditation bureaux].

Admission to the occupation “Transport Operator” should be dependent on criteria based on a profile of acceptable standards including identification of competent persons, fixed domicile, legal entity, registration etc., [this may be supported by training, qualifications or affiliation to recognised institutions]

The registration and management system for commercial transport should be separated from the general vehicle and traffic information system [though either system may inform the other], due to the need to include a lot more information about quality of commercial transport operations and the need for regular interaction with operators.

In most countries the number of registered operators [including own account operators] will be relatively low and manageable by a small separate bureau, within the department of transport. The establishment of the registers in consultation with transport associations will ensure that any deviations from standards are reported and remedied.

The basic framework for establishing effective Quality Regulation in transport that should include all transport operators is as follows:

### **i. Register all Operators**

The process should provide sufficient detail to enable competent registration authority to decide whether the entity [or individual] should be allowed to operate commercial vehicles on the public roads. The process includes the options for deregistration and prohibition for total non-compliance.

All operators have a unique number and all depots are linked to the registration

**ii. Register all “competent persons”** nominated by operators for each depot. This register to be linked to the Operator Register. Measure of “competence” can be defined nationally, but should imply definition of acceptable “standards”.

**iii. Register all Commercial drivers** with the register linked to their employer or Operator Registration number (in SA this means holders of Professional Driving Permit).

**iv. Register of all Commercial Vehicles** (in SA more than 3500 kgs) linked to the Operator Register. Focus on prime movers and subsidiary list for trailers.

**v. Record COR, insurance and possibly other functions** to be performed to defined standards, linked to the Operator register.

**vi. Create an incident and offences register linked to the Operator Register**, the Register of Competent Persons and the Register of Drivers (all violations by vehicles, drivers, operations staff, etc).

**vii. Create a monthly reporting system** whereby all registered operators must confirm their current details and supply any amendments to Vehicles, Drivers, Competent Persons, Company details (preferably by EDI or submitted proforma lists).

**viii. A monthly analytical report generated by the bureau** will provide feedback to authorities, associations and to the operators.

(The above process has been described in outline in the recommendations of the South African National Transport Master Plan (NATMAP) , that is due to be released in 2010.)

From personal discussions it appears that redevelopment of the transport management system is in progress in Zimbabwe following approximately the logic of this section.

For the purpose of cross-border transport, the “home” country would issue an Operator Card or licence for each powered vehicle which would effectively reassure the receiving country that the vehicle, driver and operator comply with all relevant legislation, is a legal entity, can be traced and apprehended and can safely be allowed across the border.

## **5. Observations and Conclusions**

### **5.1 Applicability and Relevance of Regulatory System**

From the analysis of the bilateral agreements and the discussions held in the course of this project it is clear that the current reality is that the objectives of the SADC PTCM and the terms of the bilaterals are at variance.

The SADC vision of developing into a Free Trade Area, with Common Market, Customs Union, trade integration and open access in the transport market, are not reflected in the defensive provisions of the bilaterals.

There is evidence that the bilaterals are contributing to the inefficiency of road transport and that the provisions designed to protect local transport operators are outdated and unnecessary.

In addition the bilaterals contain many provisions that appear as “wishes” rather than definite policy statements, such as “parties shall endeavour to harmonise ..... (a whole range of issues, that cover vehicles, drivers, roads, etc). The vagueness and breadth of the issues makes them unmanageable and therefore unworkable. The future multilateral should be divided into separate sections to cover conditions for cross-border movements, operating in other countries, duties of home country and host countries etc.

There is an urgent need to review the terms and provisions of the bilaterals and to redraft a multilateral that clears up the current inadequacies and prepares for a transport environment that will promote the SADC objectives.

## **5.2 Application and Management of the Regulatory System.**

There are a whole range of identified problems with the application and management of the terms of the bilaterals that make the system inefficient, arbitrary, and a constant source of friction between transport operators and industry on one hand, and the regulatory authorities on the other. In the case of passenger transport, elements of the system cause unacceptable delays and obstruction to travellers and is in need of urgent review.

From the discussions and feedback from the SADC Task Force on Road Transport Liberalisation the following observations were recorded:

### **a) Defensive clauses in the regulations appear to now be irrelevant**

The terms of bilaterals appear to be impeding transport operations unnecessarily and there is evidence that scrapping most of the barriers such as the "Third Party rule", and possibly the "cabotage" provisions for goods, would increase the competitiveness of road transport from the user and economic perspective, without making any serious impact on local and national operators.

### **b) Coordination by JRMCs is unsatisfactory**

There are severe problems with the coordination of the activities of the different countries and it is clear that the concept of the Joint Route Management Committee is not effective in practice. The JRMCs do not meet regularly enough, the membership changes depending on availability of personnel, the subject matter is too varied and the delegates to JRMC meeting do not have authority over many aspects that are deliberated. The process leads to endless referrals that are often not completed.

### **c) Management of the regulations is a problem**

From the research done in Phase 1 on this project and from the feedback received from Members of the Task Force on Transport Liberalisation at the meeting held in Gaborone it is clear that the current situation with the application of the transport regulation in SADC is unsatisfactory. The main problems relate to the practical application and management of the terms and provisions of the bilateral agreements rather than with the agreements themselves.

### **d) Application of agreed terms is arbitrary**

The application of the permit system appears to be arbitrary in some areas and in view of the widespread avoidance by operators it is not clear whether there is a definite need for the "protection" that is built into the system.

### **e) Passenger transport needs investigation**

For passenger transport there may be a case for the cabotage provisions, but here is definitely need for research in order to justify retaining the need for regulations that have become outdated.

### **f) Institutional framework not effective**

The institutional framework within which the road transport sector operates, in terms of the bilateral agreements has severe problems with capacity in many countries, leading to arbitrary enforcement actions that contribute very little to control or efficiency.

**g) Random enforcement should be countered**

Random policing actions, coercion and corruption are a constant source of irritation to transport operators and there is a need for collaboration between the authorities and the transport industry to establish a countervailing force in the form of transport associations or bureau that can provide certification and monitoring services to transporters and in so doing, support effective management of the cross border transport processes.

**h) Road User charges must be rationalised**

The application of road user charges is a source of conflict and apparent unfairness from the operator perspective. There is need for rationalisation, agreement between countries on the basis for the charges, and then publication to operators. The charges should be simplified and then not changed without advance warning to associations and operators.

**i) Vehicle dimensions and weights to be rationalised**

Vehicle specifications and weights should be defined and published. If they are different between countries it should be for defensible reasons.

**j) Operating standards should be harmonised where possible**

Operating conditions and standards should be harmonised as far as possible for issues such as Certificate of Roadworthiness (COR) inspections, driver licence standards, vehicle licencing etc and then each country should be in a position to vouch for the standards of all road transport leaving their country in terms of whether, the "operator" entity is known, the vehicles are road worthy, the drivers are licensed etc, by issuing a transport operators card similar to the COMESA Operators licence.

**k) Transport market regulation should be separated from technical harmonisation**

Coordination of market access regulations should be separated from the technical harmonisation process and SADC Secretariat should build on the present facilitation process to offer a central clearing house and forums for debate of transport market related issues.

**l) Permits should be for prime movers only.**

The issue of permits (if they are to be retained at all) should be confined to the prime mover, whether a rigid truck or the trucktractor in a combination, as the prime mover and driver are essential and inseparable from the transport movement.

**m) SADC should facilitate ongoing technical coordination**

Technical harmonisation should be handled by collaboration between national departments of transport, road traffic officials or those responsible for enforcement, and the process should receive coordinative support from SADC secretariat in terms of organising combined discussion forums, dissemination of discussion documents and publication of decisions. The process should be formalised with a competent central clearing point in SADC secretariat, for issues raised by Member States. Specific issues should be entrusted to small competent task groups to research and make recommendations; where facilitation is needed SADC secretariat should seek funding to support the research.

**n) Road and infrastructure harmonisation to be handled by roads departments, if and when necessary.**

Coordination of road standards should be re-evaluated to isolate the issues that are really in need of harmonisation and the issues should be removed from the enforcement agenda defined in the bilaterals. The coordination of road standards should be handled by a technical committee with support and coordination by SADC Secretariat.

**o) Border crossing issues should be separated for transport issues**

The investigation and improvement of cross-border processes and procedures is critically urgent but it is necessary for the bilateral (and possible multilateral agreements) to retain a primary focus on market access issues related to the movement of vehicles. The issues regarding movement of goods (e.g customs regulations must be handled separately, from road transport). Overlaps, such as infrastructure provision, parking, signage, driver facilities etc., become transport issues.

### **5.3 Conclusion**

The current facilitation project has provided an opportunity to review the objectives and implementation of the bilateral agreements that currently regulate transport of goods and passengers in SADC.

The analysis has revealed the need for urgent and widespread action to correct the inefficiencies in the system and to improve both the terms of market access and the application of the regulatory regime in interests of improving the efficiency and reducing the costs of road transport.

The overall facilitation project is defined in five phases. This first phase has broadly identified the issues to be reviewed and improved.

In the second phase it will be necessary to research all the implications of the market liberalisation process in terms of the likely effects on the transport operators, the economy of each country and the regulatory authorities responsible for management of the regulations.

In the second stage specific problems will be researched and described and proposals will be made to develop a market access liberalisation strategy with terms and conditions to be included in a multilateral agreement, for consideration by the Task Force on Transport Liberalisation.

An indicative budget for the phases 2 – 5 of the project is attached.

## **Annexure A - Project Description - Facilitation of Transport Liberalisation in SADC Region**

### **Objective**

The overall objective of the current project is to facilitate a process aimed at assisting the Task Force on Road Transport Liberalisation to develop more effective regulation of transport of goods and passengers in the SADC region.

The project is an extension and continuation of the liberalisation process that has despite obstacles, achieved much over the past 20 years. Progress has been sporadic but the process will now hopefully be revitalised, and maintain momentum to a satisfactory conclusion.

### **Methodology**

The sub-activities of the process will be implemented in a phased approach starting with Phase 1, and the costing of the contract will therefore be phased accordingly. The key activities that the facilitator must undertake to produce each result include, but are not limited to the following:

- Phase 1 - Presentation to and facilitation of a meeting of the Task Force on Road Transport Liberalisation; an inventory and analysis of the current regime of bilateral agreements between Member States; and production of a report on the relevance and applicability of current terms of the bilaterals with a view to reviewing the current regulatory framework in the region.
- Phase 2 - A Revised and updated first draft of a multilateral agreement that will have taken into account the existing regime of bilateral agreements and the relevance and applicability of the current terms and conditions.
- Phase 3 - Development of draft competition regulations;
- Phase 4 - Recommendation of institutional reforms that are necessary for the introduction and management of the regional multilateral agreement;
- Phase 5 - Recommendation of an implementation plan for harmonisation, clearly showing responsibilities and timeframes.

The purpose of the overall series of assignments is to facilitate the signing of the multilateral agreement by all the participating States and to describe an implementation process by which the multilateral agreement can be introduced and managed.

The process to be followed in the 5 Phases of the project can be described as follows;

### **Phase 1 – Analysis of Bilateral Agreements**

The objective of the first assignment is to take stock of and assess the existing bilateral agreements on cross-border road transportation with the ultimate objective of developing a multilateral agreement as well as competition regulations that will facilitate the integrated and seamless movement of goods and persons in the region. The process is aimed at reducing transportation costs and transit times in order to increase the competitiveness of interregional trade, import of goods via the major corridors and goods produced in the Southern African Development Community, for distribution in regional and international markets.

### Review of the Current Application of bilateral agreements

The facilitator is to assist the Task Force on Road Transport Liberalisation by reviewing the current bilateral agreements for cross-border road transportation between Member States. The facilitator must also review the legal and institutional arrangements covering the cross-border road transport agreements that are in use between Member States from two perspectives:

- (i) reviewing the objectives of regulatory policy in terms of how well they promote competition and efficient use of roads, and road transport while meeting safety and environmental concerns; and
- (ii) analysing the actual regulations and the way that they are enforced in order to see if they are the best way to achieve the required transport efficiency.

The process that will be followed in executing Phase 1 can be described as follows;

- (i) Prepare and produce a framework/background paper and presentation which will guide the discussions during the meeting of the Task Force on Road Transport Liberalisation to be held in Gaborone on 18-19<sup>th</sup> March 2010.
- (ii) Trigger and facilitate strategic discussions based on the previous and current plans and records of main policy-making bodies within the SADC structure, with the aim of ultimately coming up with technical solutions; and
- (iii) Generate a report providing a full account of the proceedings of the meeting.
- iv) Produce a report with recommendations regarding the effectiveness and applicability of the terms of current bilateral agreements in meeting the stated objectives of promoting transport efficiency in the region.

**NOTE : IT IS RECOMMENDED THAT THE PROPOSED PHASES 3 AND 4 ARE REVERSED AS SHOWN BELOW, SO AS TO FINALISE THE ISSUES TO BE INCLUDED, BEFORE PRODUCING A DRAFT MULTILATERAL AGREEMENT**

### Phase 2

#### Development of Harmonisation Proposals

In the second phase the facilitator will assist by defining and describing the national and regional legal and institutional arrangements necessary for harmonisation. The investigation shall include an assessment of the preconditions for granting of a permit/licence in the territory of one State to the territory of the other State and in transit across the territory of one Party en route to another country. Further the proposals should also clarify, as relevant, any institutional management arrangements necessary, especially at regional level.

### **Phase 3**

#### **Development of Draft Competition Regulations**

The facilitator shall also assist with the development of the draft competition regulations for cross-border road transport that will ensure equitable cross-border road transport opportunities while boosting regional development and reducing the cost of road transport services across the region. The regulations should include but not limited to the following:

- (i) harmonised transit charges systems;
- (ii) harmonised arrangements for transportation by road of dangerous and abnormal goods;
- (iii) harmonised vehicle operation reforms covering regional vehicle standards, roadworthiness, mass and loading laws, oversize and over-mass vehicles and road rules;
- (iv) a regional heavy vehicle registration scheme;
- (v) a regional driver licensing scheme; and
- (vi) a consistent and equitable approach to compliance and enforcement with road transport laws.

In the review of the licensing alternatives, it is essential to distinguish between quantity controls (that place quotas on the number of operators or vehicles able to operate, and usually implicitly discriminate against new operators) and quality controls (that set minimum entry requirements for safety reasons but do not attempt to determine the overall level of supply).

It may also be useful to examine international experience in forms of road transport regulation, especially in finding effective ways of avoiding market distortion that may arise from anti-competitive behaviour (or informal regulation) by dominant operators or large groups of operators.

### **Phase 4**

#### **Revision and Updating of the Draft Multilateral Agreement developed in 2002.**

The facilitator shall assist in reviewing and updating the draft multilateral agreement that was developed in 2002 by the Task Forums in the then Roads SCOM taking into account the existing bilateral agreements and legal and institutional arrangements/frameworks covering the cross-border road transport agreements.

The facilitator shall ensure that the multilateral agreement is appropriate to achieve the overall objectives of transport liberalisation: -

- improve the unimpeded flow by road of freight and passengers in the region;
- to liberalise market access progressively in respect of cross-border freight road transport;
- to introduce regulated competition in respect of cross-border passenger road transport;
- to reduce operational constraints for the cross-border road transport industry as a whole; and
- to enhance and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions.

## **Phase 5**

### **Development of an Implementation Plan**

Building on the results of the above steps, the facilitator is required to further assist with the development of an implementation plan for harmonisation.

The plan should include details on specific legal and institutional reforms that may be necessary for the implementation and management of the multilateral agreement.

To secure acceptance of the proposed changes, the study should identify the interest groups likely to be most affected.

The facilitator should also propose a step-by-step plan, for implementing such changes. The plan would also propose transitional arrangements designed to lessen any negative effects.

The draft Implementation Plan will be presented for discussion at a stakeholders' regional workshop.

### **Budget**

An indicative budget for the Phases 2-5 to be completed over a 12 month period is shown below.

It is recommended that the budgets should be finalised along with more detailed work plans and timetables as each phase is commissioned for execution.

## Facilitation of the Liberalisation of Road Transport in the SADC

### Facilitation of the Liberalisation of Road Transport in SADC Indicative Budget for Phases 2 -3

	ACTIVITIES	Consultant	Researcher	Research Assistant	Days	Total Rands
	Daily Rates	6400	5000	2400		
<b>Phase 2 -</b>	<b>Development of Harmonisation Proposals ( 3 Months)</b>					
1	Research and describe current national and regional institutional arrangements and responsibilities (11 countries )	5	6	6	17	76400
2	Research and assess pre-conditions for permits including all charges, validity of conditions and current problems	4	4	2	10	50400
3	Consultation with selected authorities	3	3	2	8	39000
4	Define potential revised institutional arrangements	2	1	1	4	20200
5	Consultation with selected authorities	1	1	1	3	13800
6	Prepare report with recommendations for Task Force	4	4	4	12	55200
	<b>Total Fees</b>	<b>19</b>	<b>19</b>	<b>16</b>	<b>54</b>	<b>255000</b>
	<b>Travel and Accommodation</b>					
	Airfares - Dbn-Jnb x 8 ; Jnb-Bots x 4 ; Jnb- Harare x 2					49200
	Jnb-Mal-Tanz x 2					
	Car travel ; Dbn - Sw- Moz x 1 ; Dbn - Les x 1					9800
	<b>Accommodation</b>					
	Accommodation 20 Days @ R 700					14000
	Car Hire 20 x R600					12000
	Sustenance : 20 x R150					3000
	<b>Administration</b>					
	Communications, stationery and Overheads					<b>6500</b>
	<b>Total Travel and Accommodation</b>					<b>88000</b>
	<b>Total for Phase 2</b>					<b>349500</b>
<b>Phase 3</b>	<b>Development of Draft Competition Regulations (4 Months )</b>					
1	Research transit charges and develop basis for harmonisation	4	6	4	14	65200
2	Research and harmonise dangerous goods transport regulations	2	4	2	8	37600
3	Develop basis for harmonisation of Vehicle specifications and operating standards	4	4	3	11	52800
4	Develop specifications for Operator, vehicle and driver registration	4	4	4	12	55200
5	Develop specifications for driver licencing harmonisation	4	4	2	10	50400
6	Propose and describe a process of achieving equitable application and enforcement of road transport regulations	4	2	2	8	40400
7	Consultation with Task Force and officials	6	6	6	18	82800
	<b>Total Fees</b>	<b>28</b>	<b>30</b>	<b>23</b>	<b>81</b>	<b>384400</b>
	<b>Travel and Accommodation</b>					
	Airfares - Dbn-Jnb x 8 ; Jnb-Bots x 4 ; Jnb- Harare x 2					49200
	Jnb-Mal-Tanz x 2					
	Car travel ; Dbn - Sw- Moz x 1 ; Dbn - Les x 1					9800
	Accommodation 20 Days @ R 700					14000
	Car Hire 22 x R600					13200
	Sustenance : 20 x R150					3000
	<b>Administration</b>					
	Communications, stationery and Overheads					<b>8500</b>
	<b>Total Travel and Accommodation</b>					<b>89200</b>
	<b>Total for Phase 3</b>					<b>482100</b>

## Facilitation of the Liberalisation of Road Transport in the SADC

Facilitation of the Liberalisation of Road Transport in SADC					
Indicative Budget for Phases 4 -5					
<b>Phase 4</b>	<b>Revision and Development of a Draft Multilateral Agreement ( 2 Months )</b>				
1	Define terms and conditions and produce draft document	6	4	2	63200
2	Consultation with authorities	3	2	2	34000
3	Prepare report with recommendations for Task Force	4	4	2	50400
<b>Total Fees</b>					<b>147600</b>
Travel and Accommodation					
Airmfares - Dbn-Jnb x 4 ; Jnb-Bots x 4 ;					49200
Accommodation 8 Days @ R 700					5600
Car Hire 4 x R600					2400
<b>Administration</b>					
Communications, stationery and Overheads					<b>6400</b>
Sustenance : 8 x R150					1200
<b>Total Travel and Accommodation</b>					<b>64800</b>
<b>Total for Phase 4</b>					<b>218800</b>
<b>Phase 5</b>	<b>Develop Implementation plan ( 3 Months )</b>				
1	Prepare institutional framework and details including all public and private sector stakeholders	6	6	5	80400
2	Prepare detailed description of changes and proposed step by step implementation work plan	8	6	4	90800
3	Consultation with officials	4	4	4	55200
4	Prepare report with recommendations for Task Force	6	6	6	82800
<b>Total Fees</b>					<b>309200</b>
<b>Travel and Accommodation</b>					
Airmfares - Dbn-Jnb x 8 ; Jnb-Bots x 4 ; Jnb- Harare x 2					49200
Jnb-Mal-Tanz x 2					
Car travel ; Dbn - Sw- Moz x 1 ; Dbn - Les x 1					9800
Accommodation 10 Days @ R 700					7000
Car Hire 10 x R600					6000
<b>Administration</b>					
Communications, stationery and Overheads					<b>5500</b>
Sustenance : 10 x R150					3000
<b>Total Travel and Accommodation</b>					<b>80500</b>
<b>Total for Phase 5</b>					<b>395200</b>

### Budget Summary for Phases 2 -5

Indicative Budget		(Workplan for 12 months)		
<b>Phase 2</b>				<b>349,500</b>
<b>Phase 3</b>				<b>482,100</b>
<b>Phase 4</b>				<b>218,800</b>
<b>Phase 5</b>				<b>395,200</b>
			<b>ZAR</b>	<b>1,445,600</b>

**Annexure B - Vehicle Permissible Weights and Dimensions in SADC Countries – 2010**

Maximum Permissible			Angola	Botswana	Lesotho	Malawi	Mozambique	Namibia	South Africa	Swaziland	Tanzania	Zambia	Zimbabwe
Mass-Steering Axle	Two Tyres	Tons	8	8	8	8	8	8	8	8	8	8	8
Mass-Single Axle	Two Tyres	Tons	8	8	8	8	8	8	8	8	8	8	8
Mass-Single Axle	Dual Tyres	Tons	10	10	10	10	10	10	9	10	10	10	9
Mass-Tandem Axle	Four Tyres	Tons	12	12	16	16	16	16	16	16	12	12	16
Mass-Tandem Axle	Dual Tyres	Tons	18	18	18	18	18	18	18	18	18	18	18
Mass-Tridem Axle	Six Tyres	Tons	24	24	24	24	24	24	24	24	24	24	24
Mass-	Twelve Tyres	Tons	24	24	24	24	24	24	24	24	24	24	24
Mass-Combinations	GCM (t)	Tons	56	56	56	56	56	56	56	56	56	56	56
Vehicle Height			4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.65
Vehicle Width	(General)	Metres	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6
Vehicle Width	(Vehicles > 12t)	Metres	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.5	2.5	2.5	2.6
Combination Length		Metres	18	22	22	22	18	22	22	22	18	22	22
Length of Semi-trailer		Metres	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D
Length of Articulated Vehicle		Metres	18	18	18	18	18	18	18	18	18	18	18
Number of Trailers/Semitrailers	General		1	2	2	2	1	2	2	2	1	2	2
Number of Trailers/Semitrailers	Corridor		1	2	2	2	2	2	2	2	1	2	2

Note 1 : N/D = Not Defined

Note 2 : Some countries to be confirmed

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- iii) United Republic of Tanzania and The Republic of Zambia  
Road Transport Agreement
- iv) United Republic of Tanzania and The Republic of Mozambique  
Carriage of Goods by Road
- iv) United Republic of Tanzania and The Republic of Mozambique  
Conveyance of Passengers by Road
- v) The Republic of Namibia and The Republic of Zambia  
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- vi) Republic of Zimbabwe and the Republic of Botswana  
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