



**Technical Report:
Consultative Survey Regarding Current Customs Transit
Procedures in the Dar es Salaam Corridor**

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**REPORT ON CONSULTATIVE SURVEY REGARDING CURRENT CUSTOMS
TRANSIT PROCEDURES IN THE DAR ES SALAAM CORRIDOR
May 19-30 2003**

1. Executive Summary

(i) Background/Purpose

- The Dar es Salaam Corridor is the second corridor identified for implementing the SADC Customs transit system. This corridor is made up of the highway and railway (TAZARA) from the Port of Dar es Salaam through the town of Mbeya to the Tanzania/Zambia border post parings of Tunduma/Nakonde and beyond, and the road to Malawi through Kasumulu/Songwe border posts.
- The first corridor is the Trans-Kalahari Corridor, which is made up of the national highways from the Port of Walvis Bay through Windhoek in Namibia into Botswana and finally into the Gauteng Province of South Africa.
- The Dar es Salaam Corridor is of economic importance to Tanzania, Malawi, Zambia and the Democratic Republic of the Congo. Several measures have already been taken to launch this corridor, which include preparation for stakeholders' agreement on the constitution, the establishment of interim corridor management committee and Working Groups (Customs and Transport) to deal with specific priority issues.
- At the Dar meeting held in December 2002, the Customs Working Group was tasked to prioritize on issues that militate against quick movement of transit traffic through this corridor. A follow up meeting was convened in Johannesburg in January 2003 where it was resolved that a survey be undertaken to establish the current Customs transit procedures, documentation, clearance times, benchmarks and constraints/delays at the port of Dar es Salaam, at Customs border stations of Tunduma/Nakonde, Kasumulu/Songwe including the railroad transshipment facilities at Kidatu and Mbeya. As a result, the Hub facilitated a consultative survey with all Customs stakeholders in the Dar Corridor from 19-30 May 2003.
- The object of the survey was to highlight areas requiring simplification and harmonization in order to achieve faster movement and clearance of transit goods. This survey report will be considered at the trilateral Dar Corridor Stockholder's meeting, which will be held in Blantyre, Malawi on 5-6 June 2003.

(ii) Customs procedures and documentation

Customs procedures, documentation and systems vary from country to country, depending on national legislation as highlighted below;

- Although the Single Administrative Documents (SADs) or Single Bill of Entry (SBE) used in the 3 countries are based on the ASYCUDA system, there are features specific to national requirements. In addition, the ASYCUDA system in the 3 countries is at different versions.
- The degree of Customs scrutiny/emphasis given to declaration supporting documents differ from the transiting country to the importing country, as the later usually rejects what was accepted in the other country.
- Transit Bond structures are country specific and not transferable to any other country.
- Whereas at Kasumulu (Tanzania) clearing agents do not maintain port specific bonds, Nakonde (Zambia), Songwe (Malawi) and Tunduma (Tanzania) administer a decentralized bond structure, with specific bond amounts for transactions originating from that particular port.
- In Tanzania and Malawi the bond acquittal is done manually while in Zambia it is done electronically through the ASYCUDA ++. In the electronic system acquittal is effected as soon as the transit record is validated at destination port whereas in the manual environment it may take several days to effect the acquittal, since the document has to be sent to the entry/originating port by fax or by postal services.
- In Malawi all break bulk transits and cargo that has no adequate bond cover are escorted from the originating port to the one of exit, whereas in Tanzania and Zambia all goods are required to be covered by bonds. Customs escorts are mounted for special instances.
- In Malawi the specific transit bond amount is 50% of the value of the consignment, whereas in Tanzania and Zambia the bond is based on potential duty/taxes. However in all cases there are differences in the duty/tax rates.
- Restoration of bond amount in Malawi is accomplished on receipt of acquittal details from destination office, faxed records included; Tanzania compares hard records and faxed copies from destination office as well as copy of acquittals submitted by agent prior to crediting the agent's account.
- In cases where clients put up cash deposits, Malawi and Tanzania have a centralized refund system where head office in Lilongwe and Dar es Salaam respectively, effect such refunds while in Zambia clients obtains their refunds from the port where such deposits were lodged.
- In Tanzania and Zambia transit goods carriers are licensed by Customs whereas in Malawi the transporters are not licensed, only accredited by the clearing agents for their own purposes.

- In Zambia the fee for the Customs carrier's license is 180,000 ZMK (about 37 USD equivalent) per year per company (both local and foreign registered vehicles) whereas in Tanzania the fee is 300 USD per foreign registered truck per six months and 200,000 TZS (equivalent to 200 USD) per local registered truck per six months. On yearly basis the fees in Tanzania are 600 USD per foreign registered truck and 400 USD per locally registered truck.
- In Tanzania there are three designated Inland Customs checkpoints whereas in Zambia and Malawi there are only random Customs roadblocks.

2. Main Report

(i) Strategic approach

- Identified and arranged meetings with several stakeholders on the corridor
- Held open consultative meetings with stakeholders
- Physically observed operations at various control points

(ii) Findings/observations related to Customs transit procedures, documentation and benchmarks – Views from Customs Officials

(a) Dar Port:

At Dar port the procedures start with the shipping agent submitting manifest to Customs. The clearing and forwarding agent preparing and submitting a declaration to Customs for clearance follow this. After initial check by Customs the documents are referred to Tanzania Port Authority (THA) or Tanzania International Container Services Company Ltd (TICS) for determining and payment of port handling charges.

Once the port handling charges are paid, the documents are returned to Customs for finalization of the process, which includes numbering and bond allocation. Customs verifies the adequacy of agent's bond balance after which the THA or TICS is advised to load the goods on the means of transport. Goods are loaded from Dar Port, Malawi Cargo Center (MCC) and bonded oil installations. Where applicable, Customs affix seals to containers and release the goods by issuing the sealed copy of the SBE to the Transit monitoring Unit (Customs). At this point vehicles are allowed to move to National Stadium flag-off point. The above procedure is mainly applicable to road transport.

For cargo conveyed by rail, the loading of cargo onto the railway wagons is supervised by the Customs officers who then seal the containers (where applicable) and thereafter issue the sealed SBE together with the railway consignment note to the locomotive drivers for delivery to the exit port.

(b) National Stadium:

The National Stadium is approximately two kilometers from the port and vehicles released from the Port in transit are required to move in the most direct route and to report in thirty minutes from the time of release to Customs officers at the Stadium. They assemble there until sealed SBE together with the vehicle movement sheet (customs control sheet, intended to monitor movement of vehicles along the high way) are brought by the Customs Transit Monitoring Unit three times a day. After the details of the trucks and SBE are recorded in the register, the vehicles are flagged-off for reporting at the next checkpoint, namely Chalinze noting the time of release on the vehicle movement sheet.

(c) Kibaha Weighbridge:

The weighbridge is situated about 60 kilometers from the Dar es Salaam Port. Consistent with the requirements of the Ministry of Works, vehicles of particular tonnage are checked at the weighbridge for purposes of ensuring conformity to allowable axle weight limit. In a case where a vehicle is found to have exceeded weight limit, the driver is liable to a fine. Where the process demands re-arrangement of cargo, Customs has to be called in from Dar to cut seals and witness such re-arrangement or off-loading the excess cargo. Alternatively one has to drive back to National Stadium in Dar.

(d) Chalinze Customs Checkpoint:

The vehicles are given five hours to travel from the National Stadium to Chalinze checkpoint, a distance of 67 km. Here the driver reports to Customs by submitting the sealed SBE together with the movement sheet. Customs register the details of the SBE and examine the vehicle as to particulars and to attest the status of the seals. If satisfied, the officer signs the movement sheet and the vehicle proceeds to Makambako, the next checkpoint.

The station is operational for 24 hours, but with limited facilities. Staff complement that could work on roster basis is inadequate, and so officers work one man-shift especially in the night. There is very little parking/verification ground and in times of congestion, as is often the case, vehicles just park along the road, at times some distance from the Customs office, which poses great personal security risk to the lone officer.

Late reporting vehicles are fined 40,000 TZS (about US\$40). Since the office is not privileged to collect such fines (no receipt books) defaulters are required to go and make in Dar while the vehicle is held.

The station uses radio communication system to report to HQ on all transactions handled in a day as well as communicates with other stations on various matters.

On account of its status, the station has no operational vehicle and as such, officers use a motorbike when it comes to conducting surveillance patrols to monitor vehicles and/or follow up reported problems on transit vehicles.

A vehicle is cleared at an average time of 10 minutes

(e) Makambako Customs Checkpoint:

Vehicles are given twenty-four hours to travel from Chalinze to Makambako, which is the next checkpoint. The reporting procedures and related formalities are as described under Chalinze checkpoint. However, this port is mandated to collect and account for fines and has sealing facilities for dry cargo. If satisfied, the duty officer signs the movement sheet and the vehicle proceeds to either Kasumulu or Tunduma exit point.

A weighbridge is situated just adjacent to the Customs checkpoint.

The station is operational for 24 hours with limited facilities. Staff complement is inadequate, so officers work one man-shift especially in the night. Parking/verification ground is sound, as no pressure buildup exists mainly due to the distance between the two checkpoints.

Late reporting vehicles are fined 40,000 TZS (US\$40).

The station uses radio communication system to report to HQ on all transactions handled in a day as well as communicates with other stations on various matters.

Here also the station has no operational vehicle and as such, officers have no means of transport for use in case of a need for surveillance patrols to monitor vehicles and/or follow up reported problems on transit vehicles.

A vehicle is cleared at an average time of 10 minutes

(f) Tunduma Border Post:

Upon arrival at Tunduma the driver submits the documents to Customs who then examine the vehicle and the documents. When all is correct to the satisfaction of the officers the vehicle is released to exit to Nakonde (Zambia). The documents go through the processes of registration at the gate, examination, and approval by the officer in-charge. The whole process takes an average of 20 minutes per vehicle during normal influx (roll in) of vehicles and much longer at peak times as experienced at the time of visit when many fuel tankers were delivering fuel to Zambia. There existed an additional process of dipping fuel tankers on account of high risk and sensitivity accruing to the products. This process involved cutting seals, dipping and re-sealing, to the extent that clearance time for these consignment took much longer.

This is generally busy port considering that it serves both as one of the entry port for Zambia's home importations as well as further transiting cargo to up north destinations.

Weekly returns are submitted to the regional office in Mbeya daily by radio voicing for onward transmission to head Office.

Official operational hours are from 08.00 to 19.00 hours. Vehicles arriving at or after this time are cleared the on the following day.

The staffing level is too low to cope with the volume of business, resulting in officers working on weekend /public holidays, without duty roster.

The Tanzania controls end here.

(g) Nakonde Border Post:

At Nakonde the goods are cleared either for home consumption (RIB or direct home use) or for through transit to other countries. The Customs and Excise of the Zambia Revenue Authority (ZRA) utilizes the ASYCUDA ++ transit module to process documents. Transit records are transmitted from originating to destination/exit port on a Very Small Aperture Terminal (VSAT) based Wide Areas Network (WAN).

To allow for effective resource utilization, ZRA subcontracted a private company to undertake the data input function through Direct Trader Input (DTI). This is archived by way of bureaus normally housed within the Customs premises, or remote DTI, a facility utilized by agents or importers at their own premises.

Things being equal, it takes an average of 2 hours to clear a transit vehicle with correctly completed and supported declaration. The clearance process include vehicle verification, checking of seals and documentation after which such details are recorded in a gate register and vehicle allowed to proceed to destination point. Where necessary, ZRA seal(s) are affixed for safety carriage of such cargo.

Agents are encouraged to contact Customs to check on their bond balances every morning so as to enable them manage the day's transactions effectively.

Bond replenishment is done online as records from destination/exit ports in Zambia are validated after verification of records and physical consignment where applicable.

Except for risk based custom roadblocks, no permanent checkpoints exist on the Zambian transit routes.

All critical border stations are computerized.

Working hours are 06:00 to 18: 00 hours.

Staffing levels are well below establishment.

(h) Kasumulu Border Post:

As is for Tunduma, upon arrival at Kasumulu the driver submits the documents to Customs who then examine the vehicle and the documents. When all is correct to the satisfaction of the officers the vehicle is released to exit to Songwe (Malawi). The whole process takes an average of 10 - 15 minutes per vehicle. The volume of traffic is low averaging 5 – 10 vehicles a day.

The dipping of fuel tankers is also applicable here for the same reasons of high risk and sensitivity accruing to the products. This process involved cutting seals, dipping and re-sealing, to the extent that clearance time for these consignment took much longer.

Vehicle are escorted up to Songwe were they are handled over to Malawi Customs who acknowledge receipt of the vehicle on a special form designed for this purpose.

The station reports on daily activities and submits weekly returns to Head Office through the region office by radio.

Official operational hours are from 07.30 to 19.00 hours.

Staffing level is too low, that officers have to work on weekend /public holidays, without duty roster.

The Tanzania controls end here.

(i) Songwe Entry Point:

At Songwe the goods are cleared either for home consumption (RIB or direct clearance) or for through transit to other countries. It takes an average of a day to clear a transit vehicle with correct entry depending on when the agent presents the declaration. Customs check seals and documents from their Tanzanian counterparts and when satisfied, the vehicle is allowed to proceed.

To facilitate transit transactions, agents are encouraged to properly maintain their bond registers and ensure they have adequate balances prior to lodging entries with Customs.

Containers are admitted on bond system while break bulk cargo and containers without sufficient bond are always escorted.

The transporters are not licensed by Custom, but clearing agents accredits them. The official working hours are from 06:00 to 18:00 hours.

Staffing levels are well below establishment.

(ii) Views from the private sector

Although Customs Officials gave clearing times ranging from ten minutes to two hours, transporters and clearing agents gave a different story. They claimed that the officials just delay for one reason or another, resulting in trucks having to be detained at the border for more than two days. The team went into this and found some element of truth in the alleged delays. When officers in charge of Customs operations at the border posts were confronted with these complaints, they blamed the delays on inadequate level of staff.

Transporters also questioned the need for stopping over at the National Stadium, especially when they have to wait for more than three hours before they are allowed to proceed to Chalinze Checkpoint. They prefer to go straight from the Port to Chalinze.

3. Conclusions and recommendations.

The success of the Dar Corridor Project will depend on the goodwill and cooperation of all stakeholders. It will be important to not only measure the impact on clearance and processing times, but also the impact created by the simplification of documentation and any cost savings that accrue to the private sector. The Customs border offices should keep data, but the private sector could also assist, and such data could include:

- Average transit time from pick-up at source to delivery to consignee
- Percentage of trips where documentation problems create a delay
- Average queue times at each border post included in the trial project
- Average Customs processing time at each border post
- Identification of delays caused by other agencies such as Immigration, Weighbridge etc.

It is recommended that:

(i) Tanzanian Authorities

- Move Customs functions from the National Stadium flag-off point into Dar port in order to avoid delays caused by the current procedures of flagging-off vehicles three times a day.
- Encourage transporters to use the weighbridges at Dar port to release pressure at Kibaha weighbridge.
- Upgrade Chalinze to a Customs collection point so as to empower Customs officials to receive revenue and fines. Improve facilities including examination bay.
- Upgrade the computer programme to ASYCUDA ++ under Wide Area Network
- Increase staff complement at checkpoints and border posts

- Review movement of documents between Customs and port authorities, with view to speeding up process.
- (ii) **Zambian Authorities:**
- Increase staff complement at border posts.
 - Charge warehouse rent for vehicles abandoned in Customs area after clearance so as to reduce unnecessary congestion.
- (iii) **Malawi Authorities:**
- Increase staff complement at border posts.
 - Computerize Customs operations with ASYCUDA ++ under Wide Area Network.
 - License transporters and reduce escorts.
- (iv) **The Dar Corridor Customs Authorities should:**
- Take steps to simplify and harmonize the disparities on issues raised under section 1 (ii).
 - Use the SADC Customs Document as the only administrative document for Customs transit (to be amended to suit ASYCUDA++).
 - Evaluate the possibility of increasing operating hours at border posts from 12 to 18 working hours to allow more traffic to pass through.
 - Research into possibilities of electronic data interchange, especially on transit records.
 - Research on the possibilities of use of one common regional transit bond valid in all countries.
 - Formulate measures of speeding up refund of transit cash deposits (review transit deposit refund processes so as to allow depositors access their fund at exit or destination points).
 - Work in close partnership with all stakeholders.
 - Explore the possibility of establishing the one stop-border post.

4. List of people and organizations consulted

1. Mr. George Lauwo, Commissioner of Customs and Excise, Tanzania Revenue Authority and his staff at Head Office, Dar Port and in other Regions/Border Posts along the Dar Corridor
2. Mrs. Eunice Mukiwa, Assistant Regional Manager – North, Malawi Revenue Authority (Customs) and her staff at Songwe Border Post
3. Mr. Blackson Nshinka, Collector of Customs and Excise in Charge of Nakonde Border Post and his staff, Zambia Revenue Authority
4. Mr. Zachary N.K. Misso, Assistant Port Manager, Tanzanian Harbours Authority, Dar es Salaam

5. Cassian Ngamilo, Operations Manager, Tanzania International Container Terminal, Dar es Salaam
6. Mr. A.A. Mwabondo, Marketing Manager, African Liner Agencies Ltd., Dar es Salaam
7. Mr. W.M. Watiku, Shipping Manager, African Liner Agencies Ltd
8. Mr. P.L. Assenga, Managing Director, Korufreight Ltd., Dar es Salaam
9. Mr. Israel Sekirasa, Ag. Director-General, Tanzania Central Freight Bureau, Dar es Salaam
10. Mr. Peter A. Lupatu, Director of Shipping Services and Tariff Management, Tanzania Central Freight Bureau, Dar es Salaam
11. Mr. Joachim E. Chipa, Director of Research and Planning, Tanzania Central Freight Bureau, Dar es Salaam
12. Mr. Tenford W.L. Phiri, Director of Marketing and Traffic, Tanzania Zambia Railway Authority (TAZARA), Dar es Salaam
13. Mr. Mwanza, Marketing Manager, TAZARA, Dar es Salaam
14. Mr. Augustin Ayishashe, Transit Manager, SDV (Bollere Group), Dar es Salaam
15. Mr. S.L. Chindandi, Operations Manager, Malawi Cargo Centre, Dar es Salaam
16. Mr. Clemence B.S. Lyamba, Terminal Marketing Manager, Trans Africa Railway Corporation Tanzania Ltd., Kidatu
17. Mr. T.R. Semindu, Ag. District Manager, TAZARA, Mbeya
18. Mr. William Kasebele, Freight Services Manager, TAZARA, Mbeya
19. Mr. Patrick Jere, Manager, Malawi Cargo Centre, Mbeya
20. Mr. S.A. Seif, Superdoll Trailers, Dar es Salaam (Chairman Transporters Association)
21. Mr. Abdalla M. Abri, Heavy Transporter of Merchants, Dar es Salaam (TATOA)
22. Mr. Z.H. Poppe, General Manager, Safari Cargo Limited, Dar es Salaam
23. Various Transit Truck Drivers who were awaiting Customs clearance at border posts
24. Various Clearing Agents who are based at border posts

5. Resource Persons/Consultants

Ranga Munyaradzi – Customs Transit Specialist

Severin Kaombwe – Transport Policy Advisor

Reuben Kunda – Zambia Revenue Authority

Jocktan Kyamuhanga – Tanzania Revenue Authority