

**PERSPECTIVES FROM THE PRIVATE SECTOR ON THE  
TRADE FACILITATION TOOLS AND INSTRUMENTS BEING  
IMPLEMENTED IN SADC AND COMESA – A CASE OF  
MALAWI**

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Chifundo Biliwita – BLWCHI001

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## **ABSTRACT**

The researcher observed that little or no attention was being paid to the realities and experiences that the Malawian private sector faced when using various Trade Facilitation (TF) measures being implemented by Malawi within the context of Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) and when trading within the SADC and COMESA regions. Notable gaps were identified in the overall TF management process in Malawi. This study made an assessment of each TF measure that Malawi introduced and implemented within the context of SADC and COMESA, analysing its benefits and challenges from a private-sector perspective. Questionnaires and interviews were used to get in-depth, objective and honest perspective from the private sector on these TF measures.

The findings of the study revealed that the various TF measures implemented brought: universal and common tariff coding and measurement units for goods; certainty and predictability in the classification of goods; speedy release of goods; reduced delays in transit time; preferential rates of duty for the private sector. Other anticipated results include a further reduction in insurance and bond costs and faster sharing of information, once other measures are fully implemented. In brief, most TF measures reduced the cost of doing business. However, challenges were also found and they included: limited and selective awareness and involvement of the private sector during both consultation and implementation of the TF instruments; unharmonised implementation of the TF measures; notable lack of trust between customs and trade community; notable delays in implementation of some measures; no post-mortem and audit of the TF measures to check and confirm the successes and challenges that the TF measures have brought into the trade chain; poor selection and management of stakeholders to involve; secretive acts over TF information; and weaknesses in the legal frameworks of SADC and COMESA. A further analysis of these issues is presented in chapter four and chapter five.

The recommendations from the study included improving TF management process, communication, consultations, implementation, monitoring and evaluations and sharing information pertaining to TF. Other recommendations were improving road,

customs and ICT infrastructure both at national and regional level, revamping and strengthening TF bodies and regional dispute settlement systems so that member states are able to fulfil their multilateral commitments, and finally, that countries, in both SADC and COMESA regions should take TF projects as regional public projects that should be tackled and implemented using an integrated approach.

These will help address the challenges that the private sector reported emanating from the various TF measures being implemented in Malawi within the context of SADC and COMESA, and thereby maximise the benefits of TF to the private sector.

*Key Words: Trade facilitation, management, private sector perspectives, involvement, benefits, challenges, recommendations.*

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**TITLE OF THE STUDY**

PERSPECTIVES FROM THE PRIVATE SECTOR ON THE TRADE FACILITATION  
TOOLS AND INSTRUMENTS BEING IMPLEMENTED IN SADC AND COMESA – A  
CASE OF MALAWI

## **ACRONYMS**

ATF	Agreement on Trade Facilitation
CBM	Coordinated Border Management
COMESA	Common Market for Eastern and Southern Africa
DPC	Data Processing Centre
FGD	Focus Group Discussions
HS	Harmonized System
IMF	International Monetary Fund
MCCCI	Malawi Confederation of Chamber of Commerce and Industry
MITC	Malawi Investment and Trade Centre
MRA	Malawi Revenue Authority
NWGTP	National Working Group on Trade Policy
PCA	Post Clearance Audit
PPD	Private-Public Dialogue
RADDEx	Revenue Authority Digital Data Exchange
RKC	Revised Kyoto Convention
RoO	Rules of Origin
RTA	Regional Trade Agreement
SADC	Southern African Development Community
SAFE FoS	Framework of Standards to Secure and Facilitate Global Trade
TF	Trade Facilitation
TRS	Time Release Study

UN/CEFACT United Nations Centre for Trade Facilitation and Electronic Business

WCO World Customs Organisation

WTO World Trade Organisation

## **CHAPTER ONE**

### **INTRODUCTION**

This chapter introduces the study on the Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments being implemented in Southern African Development Community (SADC) and Common Market for Eastern & Southern Africa (COMESA) – A Case of Malawi. It first presents the background of the study, evidence for the globally increasing appetite for Trade Facilitation (TF), and Malawi's global, SADC and COMESA region trade performance. This is followed by an assessment of the TF tools and measures that are being implemented by Malawi with an emphasis being placed on the measures introduced in response to the commitments under SADC and COMESA trade blocs. Finally, the chapter discusses the research problems, aims and objectives of the study, relevance of the study and how the chapters of the thesis have been organised.

#### **1.1 BACKGROUND OF THE STUDY**

Towards the end of 20<sup>th</sup> century and the start of 21<sup>st</sup> century, the world has seen an increasing appetite for knowledge, awareness and activities aimed at facilitating trade. This paradigm shift is evidenced by the proliferation of TF in most Regional Trade Agreements (RTAs) [WCO, 2008] and the conclusion of the Agreement on Trade Facilitation at the Ninth Ministerial Conference of the World Trade Organisation (WTO) that was held in Indonesia from 3<sup>rd</sup> to 6<sup>th</sup> December 2013 (WTO, 2013). TF has been identified as a very important mechanism for increasing and smoothing trade among all WTO Member States. Malawi, just like other WTO Member States, has not been left behind and is actively introducing and implementing various tools and measures aimed at facilitating trade.

Globally, there is no universal definition of TF. The definition differs depending on the context in which it is used and on the discussion forum in which it is being discussed:

First, according to the WTO, TF is defined as 'the simplification and harmonisation of international trade procedures' where trade procedures are the 'activities, practices

and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade' (WTO, 1998).

Second, the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) refers to the term as 'the simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment' (OECD 2001).

Finally, the World Bank summarises the term as referring to 'the first generation of trade reforms, consisting mainly of easing of border restrictions to merchandise trade and liberalisation of foreign exchange markets (World Bank, 2014).

But, loosely summarised, central to all these definitions is the aspiration by governments to improve the trade environment, reduce or eliminate the complexity of trade transactions and transaction costs of trade, and ensure that trade occurs in an efficient, transparent and predictable manner based on internationally accepted norms, standards and best practices. This broader definition entails that trade facilitation covers issues such as logistics, trade-related infrastructure, and transport facilitation together, along with the simplification, rationalization of procedures, and, where possible, the elimination of excessive bureaucracy or adherence to unreasonable trade rules and formalities (red tape) in trade.

As a background, Malawi is a landlocked country situated in Southern Africa with a population of 16.3 million (World Trade Organization, 2014). It borders Tanzania in the northeast, Mozambique in the southeast and finally Zambia on its western side. It is a least developed country and one of the 16 landlocked countries on the African continent. Its geographical location makes it a major transit country to its neighbours and hence it has busy borders throughout the year in addition to facilitation of its own exports and imports.

Malawi's trade policy emphasizes becoming an open-economy with relatively low tariffs; a technology-driven economy; shifting from a consumption-based economy to a production-based export-led economy; whilst also pursuing the Millennium

Development Goals. The aim is to transform Malawi from a predominantly importing and consuming country to a predominantly producing and exporting country (Government of Malawi, 1998). The trade policy endeavours to do this through creating an environment conducive for enhanced performance and the stimulation of private sector participation in trade.

The role of trade and private sector development in the Malawi national economy is identified under the sustainable economic growth thematic area of the Second Malawi Growth and Development Strategy (MGDS II) (World Bank, 2012). The MGDS II aims to provide an enabling environment for private sector participation in trade and the national economy and development, fostering job creation, and empowering rural communities. Overall, the view that the private sector must play a crucial role as the engine of growth in Malawi is prominently detailed in the MGDS II.

Like most developing countries, Malawi's development constraints include, highly undiversified and vulnerable economy, poor infrastructure and inadequate human capacities. High population density and poverty have led to significant human pressure on the environment and degradation of Malawi's natural resource base, notably land and forests (World Trade Organization, 2010). Tax fraud and corruption also impact on its development. The country's predominantly cash-based economy with large informal sector is vulnerable to criminal activities financed by counterfeiting and piracy industry making TF difficult to streamline.

As of 2013, Malawi had a GDP of US\$3.7billion and trade per capita of US\$258. Trade contributed 78.3% of her GDP with agriculture as the backbone of the country export earnings, it alone contributing in excess of 80% of the country's export earnings (World Trade Organization, 2014). Thus, it is not surprising that Malawi's top exports to SADC, COMESA and the world have been unprocessed or agricultural commodities with limited value-addition (Table 1). Despite this, apart from petroleum, agricultural inputs also contribute to the bulk of Malawi's imports from both SADC and COMESA (Table 2).

**TABLE 1: MALAWI'S TOP EXPORT TO SADC AND COMESA****A. COMESA**

Product code	Product label	Malawi's exports to Common Market for Eastern & Southern Africa (COMESA)		
		Value in 2011	Value in 2012	Value in 2013
TOTAL	All products	314,839	185,369	142,881
'120220	Ground-nuts shelled, whether or not broken, not roasted or otherwise cooked	9,259	18,191	40,034
'240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	41,624	57,251	11,868
'090240	Black tea (fermented) & partly fermented tea in packages exceeded 3 kg	9,835	8,663	8,872
'392321	Sacks and bags (including cones) of polymers of ethylene	2,753	3,510	3,115
'440799	Lumber, non-coniferous nes	2,943	3,506	2,393

B. SADC

Product code	Product label	Malawi's exports to Southern African Development Community (SADC)		
		Value in 2011	Value in 2012	Value in 2013
TOTAL	All products	364,719	237,605	254,201
'120220	Ground-nuts shelled, whether or not broken, not roasted or otherwise cooked	21,683	24,275	43,119
'090240	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg	24,690	21,871	29,645
'240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	18,287	19,343	20,181
'440799	Lumber, non-coniferous nes	2,704	3,256	6,192
'441299	Panels, 1 outer ply coniferous wood nes	3,906	8,898	5,231
'392321	Sacks and bags (including cones) of polymers of ethylene	4,438	6,237	5,220

Sources: ITC calculations based on National Statistical Office (NSO) of Malawi statistics since January, 2012.

ITC calculations based on UN COMTRADE statistics until January, 2012.

Unit : US Dollar thousand



**TABLE 2: MALAWI'S TOP IMPORTS FROM SADC AND COMESA****A. SADC**

<b>Product code</b>	<b>Product label</b>	<b>Malawi's imports from Southern African Development Community (SADC)</b>		
		<b>Value in 2011</b>	<b>Value in 2012</b>	<b>Value in 2013</b>
TOTAL	All products	937,080	966,031	1,205,651
'271011	Light petroleum oils and preparations	177,615	299,287	351,286
'240110	Tobacco, unmanufactured, not stemmed or stripped	27,800	10,884	76,362
'252329	Portland cement nes	21,278	15,428	24,567
'100590	Maize (corn) nes	712	300	19,816
'310210	Urea, whether/not in aqueous solution in packages weighing more than 10 kg	3,711	10,332	15,745
'240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	55,169	16,087	10,108
'310290	Mineral or chemical fertilizers nitrogenous, nes, in pack weighing > 10 kg	345	637	8,806

## B. COMESA

Product code	Product label	Malawi's imports from Common Market for Eastern & Southern Africa (COMESA)		
		Value in 2011	Value in 2012	Value in 2013
TOTAL	All products	227,207	208,255	238,336
'240110	Tobacco, unmanufactured, not stemmed or stripped	715	2,469	68,762
'252329	Portland cement nes	8,568	6,781	13,847
'100590	Maize (corn) nes	0	128	13,175
'240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	40,848	7,364	10,081
'340220	Surface-active prep, washing & cleaning prep put up for retail sale	10,220	9,532	9,362
'310290	Mineral or chemical fertilizers nitrogenous, nes, in pack weighing > 10 kg	0	460	4,284

Sources: ITC calculations based on National Statistical Office (NSO) of Malawi statistics since January, 2012.

ITC calculations based on UN COMTRADE statistics until January, 2012.

Unit : US Dollar thousand.

Despite maintaining an open trade policy and liberalizing most of its trade through participation in both multilateral and regional agreements, trade and economic growth has slumped over the years (World Trade Organization, 2010). Available trade data shows that Malawi's trade deficit in COMESA bloc has worsened from – US\$22.9million (-126%) in 2012 to –US\$95.5million (317%) in 2013; from – US\$728.4million (27%) to –US\$951.5million (31%) in the SADC bloc; from – US\$1.2billion (23%) to –US\$1.6billion (32%) under WTO; and from –US\$1.2billion (24%) to –US\$1.6billion (31%) under the world at large (Table 3). Thus, tariff liberalization alone has not helped to stimulate Malawi's trade performance.

**TABLE 3: MALAWI'S TRADE BALANCES**

Product: TOTAL All products

		<b>TRADING PARTNER</b>	<b>Balance in value in 2011</b>	<b>Balance in value in 2012</b>	<b>Balance in value in 2013</b>	<b>Percentage Change in 2012</b>	<b>Percentage Change in 2013</b>
TOTAL	All products	COMESA	87,632	-22,886	-95,455	-126%	317%
TOTAL	All products	SADC	-572,361	-728,426	-951,450	27%	31%
TOTAL	All products	WTO	- 1,008,223	- 1,242,368	- 1,642,375	23%	32%
TOTAL	All products	WORLD	- 1,002,407	- 1,242,913	- 1,630,542	24%	31%

Unit : US Dollar thousand

Sources: ITC calculations based on National Statistical Office (NSO) of Malawi statistics since January, 2012, ITC calculations based on UN COMTRADE statistics until January, 2012 (Researcher's Computation)

According to the World Bank (2013), Malawi is ranked 171 (when ranked out of a total of 189 countries worldwide) on the ease of doing business. The average rank on the ease of doing business indicator for the SADC region is 118 while the regional average for COMESA is 132. Thus, Malawi's performance is substantially worse than the SADC and COMESA region's averages which boast of Mauritius as both regions' best performer with a rank of 20. Likewise, Malawi is ranked 176 on the trading across borders indicator with Mauritius (ranked 12) being both SADC and COMESA's region's best performer. The world's best-ranked country is Singapore.

Malawi's poor ranking on trading across borders is attributed to excessive document requirements; burdensome customs procedures; inefficient port operations and inadequate infrastructure; high transport costs and unnecessary inter-country road blocks which lead to extra costs and delays for exporters and importers, thereby stifling Malawi's trade potential (World Bank, 2013).

The other obstacle to doing business in Malawi is the weak relationship between the Public and Private sector, particularly on the policy development front (World Trade Organization, 2010). This observation is echoed by Erasmus (2014) who observed that in SADC, there is a general lack of transparency and participation in the TFTA negotiation process; negotiations have taken place without meaningful participation by the public and there is no or limited interest on the part of the SADC citizens and business operating in the region. The paper advances that private sector and public concerns should guide the negotiating process while it happens, not once concluded.

Likewise, there is a need for regular private sector consultation to ensure support and acceptance for the changes and reforms in border administrations (BAFICAA, 2007).

Until the causes of these poor trade indicators are addressed, Malawi shall remain a high cost producer, high cost exporter, high cost importer, with no major investment attraction and restricted growth as evidenced by the recent trade statistics.

Therefore, in order to improve the country's trade performance, Malawi needs to address supply side constraints identified in the areas of energy supply, and (cross-border) transport and trade facilitation (World Trade Organization, 2010). Malawi also needs to create an environment conducive to enhance performance and stimulate private sector participation in the trade reforms (World Trade Organization, 2010).

There is a general consensus that landlocked countries like Malawi can overcome trade barriers through improved transport and trade facilitation systems (Huelin, 2013). Governments need to collaborate with the private sector to identify stumbling blocks, propose solutions, finance trade-facilitation infrastructure, address policy shortfalls, and provide a competitive domestic environment for trade logistics service providers. This, according to Huelin (2013), encourages feedback from the private sector regarding problems it faces and solutions it has found in carrying out economic and trading activities.

In an effort to address these challenges, Malawi participates in the implementation of various TF efforts being spearheaded by WTO, World Customs Organisation (WCO), COMESA and SADC. The success of these trade facilitation efforts shall depend on domestic trade policy management, inter-state coordination and cooperation. It is worth noting that TF measures in the coastal and transit countries also have spill over impact to other hinterland, landlocked countries. Due to such positive externalities some trade facilitation reforms and investments need to be viewed as regional public goods (Kanyimbo & Manduna, 2014).

## **1.2 TRADE FACILITATION TOOLS/MEASURES BEING IMPLEMENTED BY MALAWI**

In the first place, there is barely a few number of TF tools or measures whose origins can be exclusively attributed to Malawi. Most of the TF and Malawi customs reforms undertaken by Malawi Revenue Authority (MRA) are either initiated by multilateral institutions such World Customs Organisation (WCO), International Monetary Fund

(IMF), World Bank or by regional institutions such as SADC and COMESA, but are implemented through parent ministries such as Ministry of Trade and Industry and Ministry of Finance. In most cases, these measures are just replicated in Malawi after being implemented somewhere else.

WCO has several instruments on TF namely: 1973 Kyoto Convention, 2006 Revised Kyoto Convention, Harmonised Commodity Description and Coding System, and 2005 WCO SAFE Framework of Standards just to mention but a few. All these instruments are globally recognised to improve the trade environment and reduce transaction costs for the government and the private sector, and ultimately reduce the cost of doing business for the private sector.

Apart from WCO, other notable institutions with a keen eye on TF are World Bank (Customs modernisation and Customs Reforms), UN/CEFACT and generally, the World Trade Organisation (WTO).

Thus, the recommendations by regional bodies such as SADC and COMESA, and multilateral institutions such as WCO, IMF, World Bank and WTO have compelled Malawi to implement TF measures because of the binding nature of the commitments under most of these institutions and Malawi's desire to improve its trade performance.

The following is a list of the TF reforms that Malawi has implemented and the reforms are presented according to which institutions under which they were initiated:

#### **World Customs Organisation- Revised Kyoto Convention**

- a) Established Risk Management Unit at MRA, which is aimed at conducting risk-based customs management. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention and IMF (WCO, 2003 and Phiri, 2011).
- b) Established Post Clearance Audit (PCA) that ensures declarations can be audited after release. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention and IMF (WCO, 2003 and Phiri, 2011).

- c) Reviewed business processes, introduced inland examination centres and permitted clearance of goods at the declarant's premises, which are aimed at reducing release time. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention, and IMF (WCO, 2003 and Phiri, 2011).
- d) Established Data Processing Centre (DPC) that allows customs agents to lodge electronic customs declarations, which are assessed by independent unknown customs officers, which improves customs integrity and objectivity in the assessments. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Phiri, 2011)
- e) Reviewed legislation to incorporate the Revised Kyoto Convention best practices aimed at enhancing transparency in the criteria for registering customs agents and improve private sector participation in the customs appeal procedures. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Phiri, 2011). On 6<sup>th</sup> September 2013, Malawi became contracting party to the revised Kyoto Convention.
- f) Established MRA website so that information on general customs procedures and tariff changes is timely and readily made available to the public. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Phiri, 2011).
- g) Introduced activities aimed at establishing National Single Window, which connects trade-related stakeholders within Malawi to a single electronic data information (especially shipment information).
- h) Malawi is participating in procedures aimed at simplifying the Rules of Origin (RoO) especially documentary evidence and the need to computerise the certificates and transit rules (e.g. Malawi is implementing COMESA insurance scheme where transporters can use one insurance document within all COMESA member states). This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Glancy, 2013).

## **SADC**

- a) Harmonised customs procedures and customs classification. This measure was introduced by SADC (Mangani, 2012).

- b) Introduced Revenue Authority Digital Data Exchange (RADDEx), which allows electronic data sharing through ASYCUDA between Malawi and Tanzania. This measure was introduced by SADC (Phiri, 2011).
- c) Issues and utilises SADC Rules of Origin certificates.

## **COMESA**

- a) Single insurance document within the COMESA region/ yellow card initiative. This measure was initiated by COMESA (Mangani, 2012).
- b) Uses COMESA virtual trade facilitation system CVTFS) / transport chain management system. This measure was initiated by COMESA (Common Market for Eastern and Southern Africa, 2014).
- c) Introduced simplified trade regimes for small and medium enterprises which is aimed at reducing informal trade and improving revenue (Common Market for Eastern and Southern Africa, 2014).
- d) Issues and utilises COMESA Rules of Origin certificates.

## **Jointly Initiated or Supported By WCO, SADC AND COMESA**

- a) Introduced single administrative/uniform customs documentation (form 12). This measure was initiated by both SADC and COMESA and is implemented through ASYCUDA (Shayanowako, 2014 and Mangani, 2014).
- b) Regional Customs Bond Guarantee Scheme by SADC and COMESA (Common Market for Eastern and Southern Africa, 2014 and Shayanowako, 2014 and Mangani, 2012).
- c) Uses reporting mechanism for Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs) to Tradebarriers.org. This measure is being used by both SADC and COMESA (COMESA-EAC-SADC, 2014).
- d) Introduced Automated Systems for Customs Data and Management (ASYCUDA ++ version 1.18E, implementing ASYCUDA World effective June 2014), which allows electronic submission of documents, electronic release of notification, electronic payment of taxes through interface with bank systems, ability to inter-operate with other customs authorities (single window of submission of information), integration of Valuation control (Valuation Data base) and availability of an integrating risk management system. Thus, it will



reduce costs of doing business through improved clearance times. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003; Phiri, 2011 and Common Market for Eastern and Southern Africa, 2014)

- e) Introduced pre-clearance system, which is aimed at reducing border congestion. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Phiri, 2011). It is also supported by SADC and COMESA.

### **Ministry of Trade and Industry and Ministry of Finance**

- a) Decentralised the approving powers of some Customs Procedure Codes (CPCs), (which were originally done by the Commissioner General) to respective customs stations/offices. This measure was initiated by Ministry of Trade and Industry and Ministry of Finance.

For the purpose of this study, the following tools/measures shall be assessed in-depth:

- a) Harmonised customs procedures and customs classification. This measure was introduced by SADC (Mangani, 2012).

#### Description of the measure

It is a universally agreed and harmonised system that helps countries, especially customs and traders, to classify products for the purposes of valuations, measurement and payment of customs duty. It also serves as a benchmark for a universal system for reporting trade data.

- b) Introduced Revenue Authority Digital Data Exchange (RADDEX). This measure was introduced by SADC (Phiri, 2011).

#### Description of the measure

A TF system that is designed and installed to allow electronic data sharing (exchange) through ASYCUDA between Malawi Revenue Authority in Malawi and Tanzania Revenue Authority in Tanzania.

- c) SADC Rules of Origin certificates.

Description of the measure

Documents that help to implement customs regulations that give preferential duty treatment should only be provided to goods that originate from within member states. The certificates are issued and signed at MRA at an equivalent fee of US\$2. They are also meant to promote industry development in the member states.

- d) Regional Customs Bond by SADC. This measure was initiated by SADC (Shayanowako, 2014).

Description of the measure

An instrument designed by SADC to reduce transit costs that are associated with the current practice of multiple nationally executed customs bond for each country of transit traffic. Under this measure, goods shall be allowed to pass through SADC member states using one guarantee.

- e) Single administrative/uniform customs documentation (form 12). This measure was initiated by both SADC and COMESA and is implemented through ASYCUDA (Shayanowako, 2014 and Mangani, 2012).

Description of the measure

It is an automated form that captures data for exports, imports and transit goods and the duties and other fees payable for the goods. It is computerised and runs through ASYCUDA system. It captures data that was originally being captured using two separate customs documents.

- f) Automated Systems for Customs Data and Management (ASYCUDA) 1.18E systems. This measure is implemented in both SADC and COMESA (Common Market for Eastern and Southern Africa, 2014 and Phiri, 2011).

Description of the measure

It is an electronic system that offers facilities for scanning documents, facility for linking online with banks, and electronic transit procedures using a risk-rating mechanism. In Malawi, the system is currently used by MRA and customs clearing agents for submission of customs entries and release of goods and also banks for payment of duties.

- g) Reporting mechanism for Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs) to Tradebarriers.org. This measure is being used by both SADC and COMESA (COMESA-EAC-SADC, 2014).

Description of the measure

Facility for the reporting, monitoring, and elimination of NTBs and NTMs within and across the SADC, COMESA and EAC and it focuses on elimination of NTBs and NTMs. Traders utilise the mechanism, through logging complaints on its website (or via cellular short-messaging service). Both Member States and private sector from the Member States participate (i.e. a government and a private sector focal point is attached to the mechanism). These focal points receive all complaints that are logged against their countries, with details of the nature of each complaint and by whom it has been logged. At the end of each year, Member states focal points and private-sector focal points attend focal point meetings. During these meetings, bilateral sessions between countries against which their reported NTBs and NTMs are still unresolved are held. Thus, direct engagement is offered to resolve the NTBs and NTMs.

- h) Preclearance system. This measure was initiated by the requirements of the 2003 Revised Kyoto Convention (WCO, 2003 and Phiri, 2011). It is also supported by SADC and COMESA (Shayanowako, 2014).

Description of the measure

A system designed to allow cross-border traders to clear their goods in advance of delivery at the port of entry or exit.

- i) Regional Customs Bond Guarantee by COMESA. This measure was initiated by COMESA (Mangani, 2012).

Description of the measure

An instrument designed by COMESA to reduce transit costs that are associated with the current practice of multiple nationally executed customs bond for each country of transit traffic. Under this measure, goods shall be allowed to pass through COMESA member states using one guarantee.

- j) COMESA Rules of Origin certificates.

Description of the measure

Documents that help to implement customs regulations that give preferential duty treatment should only be provided to goods that originate from

within member states. The certificates are issued and signed at MCCCCI at two different fees; K2000 for non-members of MCCCCI and K1,500 for members. They are also meant to promote industry development in the member states.

- k) COMESA Simplified Trade Regime (STR) (Common Market for Eastern and Southern Africa, 2014 and Mangani, 2012).

Description of the measure

System that grants small-scale cross-border traders importing or exporting goods from one COMESA Member State to the other, duty free movement of their goods. A trader buys an STR form at the border. This form acts as a COMESA RoO Certificate and traders are not expected to lodge Form 12 entries and mandatory clearing agents are not used to fill this form. The maximum value for goods that can be traded under this measure is currently pegged at US\$1000.

- l) Single insurance document within the COMESA region/ yellow card initiative. COMESA simplified trade regime (Common Market for Eastern and Southern Africa, 2014 and Mangani, 2012).

Description of the measure

Trade facilitation instrument that enables trans-boundary motorist to use only one insurance cover that is valid in all countries participating in the scheme. Under this measure, one motor vehicle insurance scheme is valid in all the participating countries. It covers third-party liabilities and medical expenses for the driver of the vehicle and his passengers should they suffer any bodily injury as a result of an accident to an insured vehicle. It also facilitates cross border movement of vehicles between COMESA member countries. As this card is valid in many parts of the region, transporters and motorists do not have to buy insurance cover at each border post they cross.

- m) COMESA virtual trade facilitation system CVTFS) / transport chain management system COMESA simplified trade regime (Common Market for Eastern and Southern Africa, 2014).

Description of the measure

TF system that provides real time information and visibility on the location of tagged consignments and means of transport and integrates all customs and trade related documentation under a single sign. The system is accessible to

customs authorities, freight forwarders, insurance firms, banks, firms and port authorities.

These measures were selected for this study because their introduction, design and implementation were initiated by the activities of either SADC or COMESA trade blocs, although to a certain extent, multilateral institutions also supported them. The measures were introduced after SADC and COMESA realised that tariff liberalisation alone has not helped to stimulate the trade performance of their member states. These measures were initiated in order to insure trade efficiency, enhance trade security, further facilitate trade and ultimately promote economic competitiveness and consolidate regional integration and cooperation in the COMESA and SADC regions.

### **1.3 RESEARCH PROBLEM**

As the world forges ahead with introducing and implementing various tools and measures of trade facilitation, little attention seems to be paid to the experiences and the realities that the private sector faces when trading using these TF measures in the SADC and COMESA region. It is practically impossible for customs to achieve its goals of facilitating trade and collecting government revenue without the cooperation of the business community. Businesses cannot thrive if this cooperation is absent, such that, it is important to heighten the interface with customs, the private sector and ordinary members of the general public.

According to Phiri (2011), the reforms that Malawi Revenue Authority (MRA) had introduced greatly consulted various domestic stakeholders such as the National Working Group on Trade Policy (NWGTP) and a Private-Public Dialogue (PPD) when introducing the reforms. Though, the paper mentions that little to nothing was done to involve the stakeholders in the implementation and monitoring process of the reforms.

Meetings of the Public-Private Dialogue Forum are not open to the public or the media, thereby not allowing a free flow of dialogue on matters affecting private sector development and trade; and these meetings take place only once every two years (Mangani, 2002). This more centralised decision-making in government during 2009-

2012 made the forum less effective. Little or nothing is done to seek the views of the private stakeholders after the TF measures are introduced and implemented.

Currently, the implementation and monitoring process is basically at the level of government ministries and agencies (including MRA) agenda. This demonstrates that the policy formulation and implementation process does not consider the practical experiences and realities that the stakeholders are faced with when implementing these reforms. As a result, the loose introduction and application of trade facilitation measures and implementation of the WTO trade facilitation agreement may work against the envisaged benefits.

Likewise, the success of any trade facilitation efforts/project lies in the outcome of the political economy. The design and negotiation of regional integration initiatives without effective private sector involvement may well lead to agreements that frustrate business, investment and trade, both in the SADC and COMESA regions and in global markets. Sadly, African integration has generally been state-driven, with very little input from other stakeholders, especially the private sector (Hartzenberg, et al., 2011).

This limited involvement of the private sector has resulted into scant attention being given to the impact of trade agreements and reforms on enterprises battling to source competitively priced inputs and to find skills to produce quality products and services for consumers in markets that are difficult and costly to access (Hartzenberg, et al., 2012).

Furthermore, the extent to which comprehensive private sector perspectives are incorporated in the designing and implementation of these trade facilitation measures both at national and regional level remains very limited. For example, Phiri (2011) states that among the challenges that MRA faced when introducing the trade facilitation reforms was how to manage the interests of the various stakeholders. The study advances that it is not unusual to observe that in any trade facilitation reform; there is likely resistance from those stakeholders who benefit from the inefficiencies.

The private sector would like to see good public-private sector dialogue and consultation mechanisms put in place, and examination of all international trade

related administrative processes and procedures in order to reduce knowledge gaps, conflicts, and improve trust between traders and the government authorities (Crown Agents, 2012).

Thus, consultations and involvement of stakeholders enhance stakeholders' ownership, appreciation and commitment to the introduced reforms. In other ways, during the implementation process, MRA must move with all stakeholders in the process. It appears the focus has been on benefits to governments or traders as the only key stakeholders. Crown Agents (2012) observed that it was generally felt that much capacity building was required to support the facilitation of Malawi's international trade and accepted that international trade-related capacity and capability constraints were prevalent throughout both the public and private sectors.

This research shall therefore respond to this need and shall broaden the spectrum to include the views and perspectives of transporters, importers, exporters, simplified trade regime traders, customs clearing agents (freight forwarders) and insurance agents on the various trade facilitation measures being implemented in Malawi, within the context of SADC and COMESA regions.

Thus, this research shall reveal both positive and negative impacts that trade facilitation tools and instruments have posed on the private sector and whether these realities require a sector-wide involvement when designing, implementing and monitoring these measures.

#### **1.4 AIMS AND OBJECTIVES OF THE STUDY**

This study aims to investigate and document the experiences and the realities that the Malawian private sector faces when trading in the SADC and COMESA regions. Specifically, the study has the following objectives:

- i. To explore perspectives on the encouraging realities and experiences that the private sector faces when trading in SADC and COMESA regions.

- ii. To explore views on the challenging realities and experiences that the private sector faces when trading in SADC and COMESA regions.
- iii. To suggest possible practical ways of ensuring that the private sector benefits from the various trade facilitation instruments being implemented in SADC and COMESA regions.
- iv. To ultimately suggest ways of strengthening private sector participation in the implementation and monitoring and post-mortem of various trade facilitation measures being implemented in the SADC and COMESA regions.
- v. To suggest ways of addressing the challenges that may be identified and improve on the implementation of these measures based on the practical realities and experiences of the private sector.

## **1.5 RESEARCH QUESTIONS**

In an attempt to find the perspectives from the private sector on the various TF tools and instruments being implemented in the SADC and COMESA regions, the study was guided by the following grand tour question: What views does the private sector hold on the various TF instruments that are implemented in the SADC and COMESA region? To explore this question deeply, the following other questions were used:

- i. What are the perspectives on the encouraging realities and experiences that the Malawian private sector faces when trading in the SADC and COMESA region?
- ii. What are the challenging realities and experiences that the private sector faces when trading in SADC and COMESA region?
- iii. What are possible practical ways of ensuring that the private sector benefits from the various trade facilitation instruments being implemented in SADC and COMESA region?
- iv. How effective is private sector participation in the implementation and monitoring and post-mortem of various trade facilitation measures being implemented in the SADC and COMESA region?
- v. What are the possible ways of addressing the challenges that may be identified and improve on the implementation of these measures based on the practical realities and experiences of the private sector?

## **1.6 RELEVANCE OF THE STUDY**

This study shall unearth results that will raise an awareness of the experiences and realities that the private sector faces when trading in the SADC and COMESA



region. The study shall also make suggested or possible solutions to the problems various players are facing. This will in turn help future policy managers on the best practices in trade policy and trade facilitation that benefit all stakeholders.

Next, the results of the study shall add to the existing body of literature, which other researchers in the field of trade policy and trade facilitation may use to broaden their understanding of the experiences that the private sector faces when trading in the SADC and COMESA region.

Thus, these results may, given the same context, be used to address the challenges that the private sector from other SADC and COMESA Member States face when trading in the SADC and COMESA region.

Finally, the research shall act as an evaluation of the various trade facilitation tools being implemented in SADC and COMESA region. This evaluation shall produce a list of suggested ways of improving the design, awareness and implementation of future TF measures.

## **1.7 ORGANISATION OF THE THESIS**

This thesis has been organised into six (6) chapters. The first chapter is an introduction to the study. Chapter two (2) reviews related literature, followed by chapter three (3), which describes and justifies the research design and methodology used in this study. The research findings are presented in chapter four (4), while chapter five (5) discusses the findings. Finally, the conclusions and recommendations of the study are made in chapter six (6).

## **1.8 CHAPTER SUMMARY**

This chapter has demonstrated the context of the study and has presented the background of this study. It introduced Malawi as a country and its trade performance globally as well as in the context of SADC and COMESA region. The chapter also introduced TF as a subject and the tools and measures that are being implemented by Malawi in the respect to SADC and COMESA trading blocs. Finally, the research problem including the research questions, the objectives of the study and relevance of the study were discussed. It ends with the organization of the

thesis. The next chapter shall cover the literature review of literature that explores the various aspects of the topic.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter follows on from the previous chapter that set out the context and background of the study while clearly spelling out the problem statement and the questions that this study envisages to answer. In this chapter, literature covering evidence of the world's desire towards TF will be discussed. The chapter will also underline a summary of benefits of TF to both governments and private sector while citing examples. Furthermore, the chapter present the framework of TF in the WTO, WCO, SADC and COMESA and uncovers the existing gap in private sector involvement in design and implementation of various TF tools. Finally, the chapter discusses the lack of monitoring and evaluation or limited monitoring and evaluation if any on the various TF measures/tools that are being implemented or utilised in the SADC and COMESA regions.

#### **2.1 EVIDENCE OF THE WORLD'S DESIRE FOR TRADE FACILITATION**

The quest for improving conditions of trade and reducing costs of doing business can be evidenced by the coverage of TF related aspects in the Revised Kyoto Convention on the simplification and harmonisation of customs procedures, the adoption of the WTO Agreement on Trade Facilitation and inclusion of TF measures in the legal instruments of both SADC and COMESA trade protocols.

#### **2.2 BENEFITS AND COSTS OF TRADE FACILITATION**

##### **a) 2.1.1 Theoretical**

There is extensive literature on the subject of benefits and costs of TF. United Nations Economic Commission for Africa (2013), Njinke, Wilson, & Fosso (2008), OECD (2001), Grainger (2008) and Rippel (2011) suggest that first, efficient border management procedures make customs able to process more transactions and improve control of fraud, thus increasing government revenue. Second, they suggest that firms benefit from TF because they become more effective and competitive. Furthermore, consumers gain because they are not paying for the costs of lengthy border delays and other behind the border costs because of the basic economic notion that says when a firm incurs more costs of producing, importing or exporting

goods and services, all these costs will be borne by the final consumer of the goods and services. All in all, TF makes economies very efficient and consequently, attractive for investors.

Nevertheless, these papers point out that TF causes countries to incur costs for introducing trade facilitation measures. These costs include the costs of introducing new regulations; institutional changes; training of trade officials and other stakeholders; and, purchase of new equipment and infrastructure.

Though, the central theme that stands out is that, TF improves a country's trade performance, improves a country's revenue generation, and eases cost of doing business for a country thereby attracting more investment that by far outweighs the purported disadvantages.

#### **b) 2.1.2 Empirical**

One of the biggest star performers in the management of a successful TF system that benefited both the government and the private sector is Singapore. According to Singapore (2011), the following core competences made the country customs authority able to achieve its goal of facilitating trade and make Singapore a role model for TF:

- i. Providing a conducive environment for businesses to feedback their needs and requirements. This was achieved through working with traders to enhance supply chain security, educating them to enhance compliance capacity, reaching out to traders to co-create solutions to TF challenges, identifying emerging areas that require customised facilitation, leveraging on technology to deliver breakthrough business solutions and promoting utilisation of free trade agreements to enhance market access and competitiveness.
- ii. Establishing a clear understanding of the trading environment to advance trade facilitation.
- iii. Building an international customs network to facilitate trade across borders.

- iv. Equipping officers with strong operational capabilities in intelligence, investigation, compliance and risk management to deter and tackle smuggling and errant traders.
- v. Forming a whole-of-government network with other local agencies to support trade facilitation and enforcement.
- vi. Training employees to focus on customer orientation and dedication to service excellence.

The result of these effectively and prudently managed trade reforms have been evidenced by Singapore being the highest ranked economy under the World Bank “Ease of Doing Business” rank at number one (1) for years 2014 and 2015 (World Bank, 2014 and World Bank, 2015). Interestingly, this rank concurs with the “trading across borders” rank by the same organisation. Likewise, in the World Trade Organization (2012), a trade policy review for Singapore indicates that the country is one of the most market-oriented and open economy in the world and is also considered the easiest country in which to do business. Despite the global economic recession, trade results for the years 2007 to 2011 indicated an overall positive trade balance (World Trade Organization, 2012). Thus, it can be seen that a properly managed TF system yields very positive results for both the private sector and a country.

Elsewhere, implementation of various TF measures has improved the trade performance of various economies. First, TF has increased the Republic of Korea’s export volume to US\$363.5 billion in 2009 from US\$ 100 million in 1964, with its foreign trade reaching 82.4% of the country’s GDP (UNNExT, 2010). The country therefore has become highly dependent on trade for economic growth and development with exports expected to remain an important driver of the Korean economy.

Second, automation has significantly sped up clearance times in several countries. In Costa Rica, for example, the switch towards an automated single window warehouse clearing, electronic customs declaration, and risk management with automated method of selection made it possible to reduce customs clearance times

from an average of six days in 1994 to 12 minutes (115 minutes in case of physical inspection) in 2000 (WTO, 2001).

On the African Continent, several countries have reaped the fruits of TF with Mauritius being a star performer in both the SADC and COMESA regions. Mauritius is ranked number 12 and 20 on respectively the trading across borders and easing of doing business indices (World Bank, 2014).

Despite the global crisis, the World Trade Organization (2014) reports that Mauritius's overall GDP has grown at steady rate and GDP per capita has grown from US\$7,623 in 2008 to US\$9,217 in 2013. Furthermore, contrasting the country's performance in 2008 to the performance in 2013, shows that the overall balance of payments has grown from Rs4.6billion in 2008 to Rs16.5 billion in 2013, exports have grown from Rs59billion in 2008 to Rs71billion in 2013 and imports have grown from Rs132 billion in 2008 to Rs165.6 billion in 2013. This performance has been attributed to a number of TF reforms that includes paperless or electronic customs management systems, 24-hours customs advisory service, availability of most trade related departments in one building, risk based customs management that includes reduced physical checking of consignments, trade portal (single window) implementation and the availability of an updated Mauritius Revenue Authority website.

It is argued that if African countries cut trade costs halfway to the level of Mauritius, greater effects on trade flows will be realised than the trade realised by substantial cuts in tariff barriers. For example, by Ethiopia cutting its costs of trading a standardized container of goods halfway to the level in Mauritius would be equivalent to a 7.6% cut in tariffs faced by Ethiopian exporters across all importers.

(Portugal-Perez, A, et al., 2009)

Similarly, Morocco's automated customs system contributed to a reduction of the average clearance time from 132 hours in 1997 to less than one hour in 2002 (BAFICAA, 2006).

United Nations Economic Commission Africa (2013) argues that trade facilitation is very critical for Africa. Most countries in this region (including Malawi) are ranked poorly in the index for ease of doing business and will greatly benefit from the introduction of more trade facilitation measures.

### **2.3 CONTEXTUAL COVERAGE OF TRADE FACILITATION ISSUES**

In terms of support of TF, TF has been contextualised by various institutions using different concepts and approaches. But the central theme that stands out in these approaches is the world's common resolve to reduce cost of doing business across borders.

For example, the TFA as provided for in the WTO(2013), specifies the establishment of country inquiry points, the use of websites/internet to publish information relating to trade (i.e. documentary requirements and forms to be used on import, export and transit procedures, duties and taxes, fees imposed by governments in connection with importation or exportation), giving traders the right to appeal, encouraging the application of risk based customs management, permitting pre-arrival clearing, post-clearance audits, streamlining transit procedures and forbidding customs authorities from exclusive use of customs agents just to mention but a few (WTO,2013). Interestingly, these measures are almost, if not similar to the measures set out in the WCO under the International Convention on the simplification and Harmonization of Customs procedures (amended), also known as Revised Kyoto Convention (RKC) (WCO, 2003), SAFE Framework of Standards to secure and facilitate global trade (SAFE FoS) (WCO, 2007), Harmonized System (HS), Time Release Study (TRS) results, and Coordinated Border Management (CBM) and Data models. The following below outlines how the concept of TF has been covered:

#### **a). Revised Kyoto Convention**

As an overview, the RKC provides for the simplification and harmonization of customs procedures, standards and practices without compromising national legislation on either prohibitions or restrictions on goods that are subject to customs control (Article 2 and Article 3). However, the agreement does not render customs control in effective (Chapter 6 of General Annex of RKC). Security and the TF are the main aims of the Customs Co-operation Council. The

preamble identifies a number of principles for achieving simplification and harmonization, such as:

- i. Continuous customs modernization
- ii. Predictable, consistent and transparent customs routines
- iii. Dissemination of customs information, decisions and rulings
- iv. Use of modern business techniques, such as, e-commerce, risk management and audit based controls
- v. Cooperation with other regulatory authorities, customs administrations and customs/business partnership
- vi. Implementation of international standards
- vii. Fair and transparent appeal procedures

The RKC provides the foundation for a number of blue prints for enhancing security and trade facilitation, such as:

- i. Customs-Business partnerships. The main business partnership model under the RKC is the WCO SAFE-FoS. The framework is built on three pillars namely, customs-customs Network, customs to business partnership and capacity building. It aims at setting standards to promote certainty and predictability in global trade, harmonizing and integrating global supply chain management and strengthening cooperation amongst customs administrations and customs and business cooperation. The Customs-to-Business standards should involve partnership, security, authorization, technology, communication and facilitation. Gellert (2011) argues that business partnership can also be achieved through permanent dialogue. It is based on the concepts of consultation and exchange of views between customs and traders. Such consultative mechanisms are based on trust. However, the absence of legally binding framework may work against this model. Chapter 7 of General Annex of RKC covers application of information technology, which provide for use of relevant internationally accepted standards, consultation and e-commerce.



- ii. Time Release Study (TRS) results. The TRS is a performance measurement tool for Customs activities and other stakeholders in the processing of imports, exports and transit movements. WCO provides guidelines for these studies.
- iii. WCO Data model is based on international conventions and common national data requirements of border agencies. It provides a holistic data solution to key border actors. It is based on interoperable and open standards IT systems. Standards 7.1, 6.9, 3.21 and 3.18 of the General annex to the RKC apply.
- iv. Coordinated border management approach that calls for wider cooperation arrangements among border based agencies to secure and facilitate trade. Government agency coordinated should be supplemented by Customs/Business cooperation and single window approach.
- v. Harmonized system (HS) provides standardized goods classification approach. This results in harmonized trade statistics and simplified data exchange between customs administrations across the world.

However, the bases of RKC expectations are not very realistic due to the differences in Customs focus for different countries. For example, if the national interest is on revenue collections then the focus on security and reducing cost of doing business (TF) may be compromised. In the same vein, the focus of revenue collection in the least developed countries contrasted with the focus on security and TF in the developed world undermines the customs-business relationship advocated by RKC. This study shall therefore try to explore the relationship between customs and private sector stakeholders with respect to not only TF measures but also revenue interests by Malawi Government.

**b). Regional Level**

The legal frameworks of both SADC and COMESA set out the instruments supporting the various TF measures/tools being implemented in the region and by Malawi in particular. These TF measures/tools dovetail with the world's agenda on TF as set out by both WCO and TFA.

## **i. COMESA**

Within COMESA, in a bid to simplify and harmonise trade documents and procedures in the COMESA region, provisions in the COMESA treaty (1993) set out aims and objectives of COMESA in as far as TF is concerned.

First, Article 69 of the COMESA treaty states that in order to facilitate trade in goods and services, Member States of the COMESA treaty shall aim at reducing to a minimum number of trade documents and copies required and number of national bodies required to handle these documents, and also aim at harmonising the nature of information required in these documents.

In a related development, Article 70 of the treaty provides that Member States of the COMESA treaty undertook to initiate and engage in programmes aimed at reducing the cost of trade documents and volume of paper work required to trade within the region, adopting common standards of trade procedures, ensuring adequate coordination between trade and transport facilitation measures, collecting and disseminating information on TF and documents, promoting the development and adoption of common solutions to TF challenges just to mention but a few.

Finally, Article 71 of the COMESA treaty promotes standardisation of trade documents and information requirements. It sets out that Member States undertook to design and standardise their trade documents and the information required to be contained in such documents in accordance with internationally accepted standards, practices and guidelines. Thus, this article clearly permits the Member States to participate in TF programmes that are currently being advocated by the WCO and WTO.

## **ii. SADC**

SADC also recognises that cumbersome border procedures and inefficient customs procedures (both at the borders and inland) are the main obstacles to regional and global trade (SADC, 2014). In response to this, provisions of the SADC (1996) and its annex aim to facilitate trade within the SADC region. In the SADC Protocol on Trade, Article 3 (Elimination of barriers to Intra-

SADC Trade), Article 6 (Non-tariff barriers), Article 13 (Co-operation in customs matters), Article 14 (Trade Facilitation) and Article 15 (Transit Trade) make numerous provisions on streamlining trade procedures, reducing cost of trade and facilitating trade within the SADC region.

Specifically, Annex II of the SADC Protocol on Trade calls for:

- i. Customs automation,
- ii. Harmonisation of customs laws and procedures with the SADC region,
- iii. Harmonisation of customs tariffs,
- iv. Designing customs documents and procedures in accordance with internationally accepted standards, recommendations and guidelines, and
- v. Dissemination of customs information.

Likewise, according to the Annex III of the SADC Protocol on Trade, SADC Member States undertook to reduce the cost of documents and the volume of paper work required in respect of SADC trade; to standardise trade documents and information requirements; to ensure that the nature and volume of information required in respect of SADC trade not adversely affect the economic development of, or trade among, the Member States; to adopt common standards of trade procedures within the SADC region where international requirements do not suit the conditions prevailing among Member States; to ensure adequate coordination between trade and transport facilitation within the region; to keep under review the procedures adopted in international trade and transport with a view to simplifying and adopting for use by Member States; to collect and disseminate information on international development regarding trade facilitation; to promote the development and adoption of common solutions to problems in trade facilitation among Member States; and, to initiate and promote the establishment of joint TF programmes in SADC.

Central to the provisions of both SADC and COMESA protocols is the common recourse by these RTAs to provide for measures aimed at encouraging elimination of non-tariff barriers, prohibiting the re-introduction of the barriers

(including in different forms) and supporting TF and cooperation in the implementation. However, these protocols do not clearly state how to implement these measures and there is no clear mechanism on how to enforce implementation of these protocols. This has resulted into some countries being sluggish in undertaking trade facilitation reforms, which affects the successful and efficient operation of reforms across the SADC and COMESA region.

Therefore, the conclusion of the TFA is seen as an impetus to enforce universal implementation of trade facilitation reforms at both national and regional levels because of the availability of the dispute settlement mechanism in the WTO agreement. The TFA has the potential to be of particular benefit to traders in developing countries, for example Malawi, who continually face lengthy and costly border delays. It will be important for business in developing countries to monitor its implementation in the countries with which they trade (International Trade Centre, 2013).

### **c) Private Sector**

Regarding the private sector, there is little or no literature that clearly demonstrates the private sector's views/perspectives on the various TF tools being implemented in Malawi. Consequently, the quest to get to the realities of the issues that they face when trading in the SADC and COMESA regions is seldom found.

A study that was conducted by Kenya Association of Manufacturers (2011) found that the private sector holds the following perspectives as the challenges that they face when trading in the COMESA and SADC region:

- i. Delays in processing trade documents.
- ii. Trade facilitating agencies have poor communication with business community
- iii. Lack of transparency on charges and penalties imposed on exports and goods.
- iv. Poor roads and rail infrastructure amplify the problem of the port congestion.

- v. Inadequate staff training at various levels of trade facilitating agencies.
- vi. Corruption at the border points.

The same study noted that countries that implement the best trading practices, standards and recommendations by trade development organizations such as the WTO, WCO and others, are more efficient in trade facilitation and clear cargo at their ports and borders within shorter time. They recommended that countries should adopt an integrated and comprehensive approach aimed at improving its trade facilitation systems not only in customs but also on roads and information technology infrastructure.

According to Buyonge & Kireeva (2008), there is a great disconnect between private sector and customs officials who are implementing the various TF tools. The paper also points out that there is a poor relationship between customs and the private sector. However, the paper did not clearly specify the realities and challenges the various stakeholders from the private sector were facing. This study will fill this gap by looking at this issue from a Malawian private sector context.

Generally, African businesses interviewed during the BAFICCA study reported that an automated system for customs clearance and management had made a significant difference where implemented, by dramatically increasing transparency and reducing corrupt practices. However, businesses lament that there was a tendency for customs services, in common with most government bodies, to implement very sudden changes, sometimes with effect from a date before the communication was issued (BAFICAA, 2006). This observation echoed by Miti (2004) who notes that changes to trade procedures and requirements in the Eastern and Southern African region are often ad-hoc and not communicated to traders in advance. Thus, there is a limited private sector consultation and involvement in trade decisions; yet trade occurs among businesses. This study aims at testing and confirming these observations from a Malawian perspective with the overall objective of bridging this gap.

In the same vein, Grainger (2008) advocates for a deeper understanding of cross border operations and stakeholder interests when introducing and implementing

various TF tools. The study was conducted over several parts of Africa with a greater concentration on Kenya, Tanzania, Uganda and Zambia. The study notes that while the costs and benefits are clearly spelt out for governments, the same remains to be done for the private sector. This study aims to provide such an understanding. Notably, lack of an efficient TF system undermines the gains made in terms of trade liberalization and facilitation in regional trading blocs and leads to lost export opportunities to these markets (Kenya Association of Manufacturers, 2011). This study shall try to devise an efficient TF system that will be able to benefit the private sector.

Another angle that this study shall explore is to suggest possible practical ways of ensuring that the private sector benefits from the various trade facilitation instruments being implemented in SADC and COMESA region. Lesser & Moisé-Leeman (2009) and Moisé, Sorescu, Hummels & Minor (2009) explain that it is only when the views of the private sector are incorporated in the various TF measures and when the realities that the trade community faces when trading are addressed, that government will be able to reap the benefits of TF tools because the private sector is going to own these measures.

Globally, there are several cases that illustrate that when the government engages the private sector in TF, trade performance improves. The International Trade Centre in its International Trade Forum Magazine (2013) reports that an integrated approach that looks at TF issues from a perspective of domestic regulations and behind-the-border challenges is very crucial to the success of TF measures. For instance, successful engagement and involvement of the private sector has resulted in successful Single Electronic Windows (SEWs) in Singapore, Hong Kong, China and Republic of Korea. In Singapore, time required to process trade documents has reduced from 4 days to 15 minutes after introducing TradeNet; in Republic of Korea, total trade savings after implementing U-tradeHub are US\$1.82 billion; and finally, in Hong Kong and China, savings emanating from automated systems are estimated at US\$1.7 million.

It is worth noting that despite Article 23 of SADC treaty (2001) stating that SADC “shall seek to involve fully the people of the region and key stakeholders in the process of regional integration” and Article 5(2)(b) of the treaty aiming at encouraging the people of the region to participate fully in the implementation of the programmes and projects of SADC, views of the private stakeholders have seldom featured once the TF tools/measures are implemented. This paper therefore shall explore this gap with the aim of bringing out the realities and experiences of the private sector.

Despite these provisions, one aspect that is clearly coming out is that both SADC and COMESA have the tendency of piloting TF tools and either partially implementing or completely abandoning the measures while the private sector is eagerly anticipating the benefits. Mpata & Mwakalombe (2011) noted that both COMESA and SADC were faulted for delaying the full implementation or partially implementing the use of regional customs bond by both SADC and COMESA member states. This study shall seek to verify this understanding from a Malawian private sector perspective.

Furthermore, Phiri (2011) recommends that if TF measures are to benefit the private sector, countries should consider involving the private sector. Entry of the private sector requires a convergence of interests with government so as to reduce the existing disconnect in government-private sector relations. However, the paper notes that this was not properly done in Malawi and the realities and challenges that the private sector faces are not well documented. Therefore, this study shall envisage documenting these realities.

In the same vein, ICC Customs Guideline 29 argues customs authorities to consult the trade community systematically, to obtain views on proposed new regulations and procedures, or amendments to existing requirements, and gives them timely notice of any changes and contends that this consultation must not end at introduction of customs reforms but should extend further to include the implementation, monitoring and progress updates (United Nations Economic Commission for Europe, 2014 June 18). So far, the evaluation of the various TF

measures from a private sector perspectives has not been done in Malawi; or if it was done, the results have not been published in the public domain.

## **2.4 CHAPTER SUMMARY**

The literature review section has proved evidence of the world's desire towards TF and has shown the benefits of TF to both governments and private sector while citing examples. Most of these perspectives point to the advantages of TF measures far outweighing the disadvantages. But could this be the case for Malawi? And if such is the case, what can be done to ensure that the private sector and Malawi as a country benefit from the various TF measures? The literature has also provided the contextual and legal framework of TF in the WTO, WCO, SADC and COMESA. Finally, the literature has uncovered an existing gap in respect of private sector involvement in the design and implementation of these TF measures. The next chapter covers the research design and methodology that will be used to investigate, explore and document the perspectives that the Malawian private sector has over the various TF measures that are being implemented in respect to SADC and COMESA.



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This section spells out the methodology that was used to find the views and perspectives of the identified private sector players in Malawi on the current TF tools or measures being implemented in Malawi with respect to the SADC and COMESA regions. In doing this, the chapter outlines the research paradigm, the research design, research setting, study populations, sample and sampling methods, data collection strategy and data analyses. The chapter ends with ethical issues that were considered during the study.

#### **3.1 RESEARCH PARADIGM**

Generally, research methodology falls either in the category of quantitative or qualitative research although at times, a study could combine the two paradigms. Quantitative approach aims at explaining phenomena by collecting numerical data that are analyzed using statistics (Muijs, 2004). On the other hand, Dawson (2002, p. 24) reported that “qualitative research explores attitudes, behaviour and experiences through such methods as interviews or focus groups”. This is exactly what the research sought to do by among other things looking at the lived experiences of the private sector in as far as trade facilitation reforms being implemented in Malawi with respect to the SADC and COMESA regions are concerned. Thus, the research paradigm that this thesis used was the Qualitative paradigm.

#### **3.2 RESEARCH DESIGN**

The research design section details the structural blueprint of this study. It explains the plan for carrying out this study and all the processes that were followed from defining the research problem, formulation of research questions, method of data collection and analysis. It simply means the core of the whole research process.

The design of any research is important because it determines the study's internal validity, which is the ability to reach valid conclusions about the variables being researched on. It shall direct the researcher in the planning and implementation of

the study while optimal control is achieved over factors that could influence the study (Burns & Groove 2005). Ary, Lucy & Sorensen (2006) states that designs differ in their efficiency and their demands in terms of time and resources, but the major difference is in how effectively they rule out threats to internal validity.

The design of any research is based on the purpose of the study. Since this study sought to explore the perspectives of the private sector on the various TF measures being implemented in Malawi with respect to the SADC and COMESA regions, the research design adopted for this study was an exploratory descriptive research.

Robson (2002, cited by Saunders, Lewis & Thorn hill, 2009) explained that exploratory studies are a valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light.

Likewise, the exploratory descriptive design was appropriate for the study because little was known on the lived experiences and realities that the private sector faces when trading in the SADC and COMESA region. This is echoed by Burns and Grooves (2005) who contend that exploratory research design helps a researcher to get insights from a subject of which the researcher has no or limited knowledge.

Therefore, the design helped the researcher to unearth the realities and lived experiences of the Malawi private sector in as far as TF measures being implemented in the SADC and COMESA region are concerned.

The study was conducted according to a well-detailed plan of work (Appendix 1).

### **3.3 RESEARCH POPULATION AND SAMPLE**

A population of study is defined as the total group of participants that meet a designated set of criteria. While Ary et al. (2006) define population as the entire groups of individuals to whom the findings of a study apply, Burns & Groove (2003) describe population as all the elements that meet the criteria for inclusion in the study. Polit & Hungler (2001), distinguish between the target population and the

accessible population. The target population includes all the respondents from which a researcher would like to make generalisations. The accessible population comprises all the respondents that conform to the designated criteria and are accessible to the researcher as a pool of subjects for a study.

The primary participants or target population for this study were the private sector stakeholders and the findings of the study have been informed by the responses from these participants.

Since the population of private sector stakeholders was very big, purposive or quota sampling was used. Cohen, Manion & Morrison (2005) explained that when using purposive sampling, researchers handpick the cases to be included in the sample on the basis of their judgment of their typicality. By definition, sampling is the process whereby a sample is selected from the accessible population (Meyer, Naude & Nierkerk, 2004). A sample represents a small proportion of the total population that the researcher uses to pursue the investigation in a particular setting (Rossouw, 2003). The same author also suggests that all individuals who are selected for a sample should represent the characteristics of the whole population as closely and accurately as possible.

Therefore, the population for this research included simplified trade regime traders, cross-border transporters, importers, exporters, customs clearing agents (in other cases referred to as freight forwarders) and insurance companies. These were selected because they are directly involved in international trade.

The identification of all these stakeholders started from Malawi's key exports to and imports from SADC and COMESA region as reported by Trade Map. From these exports and imports, the study identified who the actual traders were, which transporters, insurance firms and customs agents the traders used.

In this case, the researcher designed a sample of thirty (30) participants; thus thirty (30) questionnaires were administered to five (5) simplified trade regime traders, five (5) transporters, five (5) customs clearing agents, five (5) importers, five (5) exporters

and five (5) insurance firms. This sample was limited to these participants because they were involved in international trade in the year 2013 and have felt the impact of these TF tools.

The researcher also identified secondary participants from the accessible population. These secondary participants included officials from Malawi Revenue Authority officials, Malawi Confederation of Chamber of Commerce and Industry (MCCCI), Ministry of Trade and Industry and Malawi Investment and Trade Centre (MITC). These secondary participants were included in order to corroborate some of the technical aspects of the study setting and responses from the private sector so that unwanted data was objectively cleaned and removed. The unwanted data in this study mainly consisted of responses from the private sector that were made without any founded basis or knowledge but because the private sector players heard about the issues from other stakeholders.

### **3.4 PRIMARY RESEARCH PARTICIPANTS IDENTIFICATION**

The procedure for identifying the private sector stakeholders that were selected as primary participants for the purpose of this study was as follows:

#### **a) Trade Map**

- i. The researcher compiled trade data for Malawi's exports to and imports from SADC and COMESA trading blocs. The purpose of this analysis was to identify Malawi's top five exports and imports by products.
- ii. This trade data was analysed at HS 6-digit level and based on these tariff headings, Malawi's top products by exports and imports were identified.
- iii. A list of tariff headings was compiled from this trade data and these tariff headings were then used for further analysis in ASYCUDA ++ version 1.18E system installed at MRA office in Lilongwe.

## **b) ASYCUDA Analysis**

- i. Using ASYCUDA ++ version 1.18E, each of the tariff headings was analysed to identify the **importers** and **exporters** using names of the companies or persons.
- ii. This analysis also helped in identifying the **clearing agents/customs agents** that were involved.
- iii. The customs entries also indicated the contacts of the exporters and importers of these products.

## **c) Contact With the Exporters and Importers**

- i. Thereafter, the exporters and importers of the products were contacted so that information on the **transporters** and **insurance agents** they used could be established.
- ii. The information on the transporters used was also available on the customs entry (form 12) but the exporters and importers were called in order to confirm the correctness of the data on the customs entry.

## **3.5 RESULTS OF THE PRIMARY PARTICIPANTS IDENTIFICATION PROCESS**

After identifying Malawi's top five exports to and imports from SADC and COMESA region by products and following through the tariff headings in ASYCUDA ++ version 1.18E at MRA and pulling out the customs entries/documents that were submitted by the importers and exporters, the following are the subjects/respondents identified for the study:

### **Malawi's top exports to SADC and COMESA region**

<b>Tariff Heading</b>	<b>Product</b>
240120	Tobacco
090240	Tea
120220	Ground Nuts
392321	Sacks and Bags
440799	Lumber and Wood

### **Exporters (companies)**

Limbe Leaf Malawi Limited  
Eastern Produce Malawi Limited

Rab Processors Limited  
Polypack Malawi Limited  
Raiply Malawi Limited

**Malawi's imports from SADC and COMESA region**

<b>Tariff Heading</b>	<b>Product</b>
271011	Petroleum
240110	Tobacco
252329	Portland Cement
100590	Maize (Corn) Nes
310290	Fertilizer

**Importers (companies)**

Petroleum Importers and Energem Malawi Limited  
Alliance One  
La Farge Malawi Limited  
Pannar Seed Malawi Limited  
Farmers World Malawi Limited

**Customs Clearing Agents (including freight forwarders)**

Bollore Logistics (SDV)  
Manica  
Combine Cargo  
Glens Forwarding  
Cargo Management Logistics

**Transporters**

Mediterranean Shipping Company  
Zagaf Transport  
Siku Transport  
Transcom Ltd  
Trans-Maritime

## **Insurance firms**

General Alliance Insurance Limited

Africa Trade Insurance Agency

Real Insurance Company Limited

PTA re-Insurance Company

Nico General Insurance Company Limited

## **3.6 RESEARCH SITE**

From the variety of the primary and secondary research participants identified in the process above, there was no specific identified research site. The study was conducted at the business premises or sometimes homes of the research participants.

## **3.7 DATA COLLECTION**

The data was collected using three methods, namely: focus group discussions (FGD), semi-structured interviews, and questionnaire. A focus group discussion was used during the pilot test of the questionnaire and the semi-structured interview questions. When collecting data from the primary participants, only semi-structured interviews and questionnaires were used.

### **3.7.1 QUESTIONNAIRES**

The main tool that was used to collect information for this study was the questionnaire. This was adopted in order to allow the participants to self-report, express their attitudes, beliefs, and feelings on the perspectives that they hold towards the various TF measures that are being implemented in Malawi with respect to SADC and COMESA trade blocs. Kenya Association of Manufacturers (2011) adopted the use of questionnaires and face-to-face interviews in trying to obtain the perspectives of various private sector stakeholders on the TF systems in Kenya. The purpose for this methodology was to gather critical information and establish key concerns and challenges in TF that the private sector faced. This strategy proved very cost effective because the questionnaires were mostly sent using mail or e-mail. Thus they were less expensive to conduct than the in-person interviews or questionnaires. However, the researcher conducted extensive follow-up method

consisting of reminders and re-mailing to non-respondents as advocated by Teddlie & Tashakkori (2009).

### **3.7.2 SEMI-STRUCTURED INTERVIEWS**

The study used the semi-structured interview. This method was adopted because it allows the researcher to collect specific information while allowing some flexibility and room for getting further insights of the topic being investigated during the course of the interview (Dawson, 2002).

A study by Mpata & Mwakalombe (2011) utilised face-to-face semi-structured interviews to gather data, seek clarification and confirm the implementation status of various TF measures and to note experiences from field practitioners, in particular to record and identify gaps in the implementation. This study extended this investigation to reach out the actual private sector players.

The oral interviews that the researcher conducted used the same questions contained in the questionnaire but wherever necessary, follow up questions were added. This strategy was particularly helpful when conducting interviews with simplified trade regime traders because by nature of their business, most of the traders do not have fixed business premises; are busy; had little understanding of technical trade terminology; and have low levels of education such that often a times, they required the researcher to interpret and clearly clarify what the question involved. Likewise, this method also helped a lot when conducting with other private sector players who were very busy and had limited time to complete the questionnaires. The interviews were recorded and later on carefully listened to, documented and transcribed.

### **3.7.3 FOCUS GROUPS**

The study also utilized focus group interviews especially during the pilot study of the semi-structured interview questions. Focus groups may be called discussion groups or group interviews. The researcher became the facilitator of the discussion and he made sure that no one person dominated the discussion whilst trying to



ensure that each of the participants makes a contribution (Dawson, 2002). Under this strategy, one trader, one exporter, one importer, one transporter, one customs clearing agent and one MRA officer were selected and requested to participate at Lilongwe inland Port. The researcher introduced the topic, asked questions, controlled digressions and stopped breakaway conversations. The purpose for this was basically two-fold; first, to test the questions in the questionnaire in terms of timing and clarity and ability of the respondents to understand the questions; and secondly, to gain further insights on the topic of study. Furthermore, this pilot has several functions principally to increase the reliability, validity and practicability of the questionnaire (Cohen et al, 2005). This helped the researcher to refine the questions, the questionnaire and semi-structured interview before administering it on the primary research participants.

The researcher circulated a total of 40 questionnaires; 30 questionnaires to the private sector stakeholders (primary participants) while the remaining 10 questionnaires were disseminated to the secondary participants.

### **3.7.4 CONDUCTING INTERVIEWS WITH THE PRIMARY PARTICIPANTS**

The interviews for the primary participants were done in English language and all of the primary participants were able to speak and articulate their views using English. However, in some cases, especially Simplified Trade Regime traders, the researcher provided additional explanation on the issues that were being explored.

The offices where the interviews were conducted were quiet, well ventilated and with good lighting. These factors provided a relaxed and good atmosphere.

In the first place, the researcher introduced himself and the subject that was being explored. Secondly, the researcher further explained the purpose of the study and how important it was for the participant to participate. Other than that, the researcher asked the participants to be free to ask questions wherever and whenever the subject being discussed was not clear. Furthermore, the researcher outlined the participants' rights in the study and narrated all the ethical considerations relating to

the study. In this regard, the participants were told that they had freedom to decline their participation before the commencement of the interviews and also that they had the right to withdrawal during the course of the interviews.

The participants were informed that the study was for academic purposes and that there was no financial benefit attached to the participant's participation in the study and also that if the participant chose to decline or withdraw from the study, there would be no penalty, cost or disadvantage to them. Finally, the researcher sought the participants' consent to participate in the study before proceeding with the interviews. In order to confirm the participant's willingness to participate, each of the participants was requested to sign a consent form wherever possible but this was not compulsory. All these introductory remarks were also detailed on the face of the questionnaire and in the informed consent form.

The questionnaire comprised of opened-ended and close-ended questions and a participant was given the questionnaire to respond. The questions mainly focused on the participants' understanding of the various TF measures; how the measures work; if the measures were good/beneficial for their business; if the participants were consulted/involved during the introduction, implementation, monitoring and evaluation of the measures; if there were challenges that the participants faced when trading within SADC and COMESA region; and how they thought the measure could be improved.

Due to the nature of operations in the private sector, most participants decided to get the questionnaire and respond in their own time and the researcher would go and collect the completed questionnaires the same or following day. In such cases, the researcher left contact details to the participants so that they consult the researcher whenever they had challenges in understanding the issues that were being explored.

During the day of collecting the completed questionnaires, the researcher thanked each of the participants for their permission, time and valuable contribution to the study and reassured the participants that their names will not appear anywhere in

the findings of the study. Where it was necessary to solicit for more information, the researcher specifically asked for further insights.

However, when conducting the interviews for STR traders, the researcher was usually there with the participants and provided enough clarity on the questions. These interviews took approximately 25 minutes with each STR participant.

### **3.7.5 CONDUCTING INTERVIEWS WITH THE SECONDARY PARTICIPANTS**

In addition to the primary participants, the researcher conducted interviews with secondary participants. This group comprised of technocrats in the field of customs, trade, TF and logistics. The purpose of these interviews was to get technical insights on the subject of study; the findings from these interviews did not shape/re-shape any views from the primary participants. Furthermore, the findings from these participants are not detailed in the findings section of this study.

When conducting data collection, the researcher circulated the questionnaires through office visits and e-mails and followed them up with telephone calls and e-mails.

After receiving the completed questionnaires, the researcher thanked each of participants for their permission, time and valuable contribution to the study and reassured the participants that their names will not appear anywhere in the findings of the study.

### **3.7.6 SOUGHT RESPONSE RATE AND ACTUAL RESPONSE RATE**

The ultimate expectation of the researcher was that all the questionnaires would be completed and returned within the timeframe of the study. However, out of the thirty (30) questionnaires circulated to the primary participants, twenty-three (23) questionnaires were completed and returned (representing 77% of responses). Out of the ten (10) questionnaires circulated to the secondary participants, seven (7) questionnaires were completed and returned. However, two (2) other secondary

respondents offered me an opportunity for telephone interviews (representing 90% of responses).

### **3.8 TRUSTWORTHINESS OF THE STUDY**

Trustworthiness of a study, which Dawson (2002) refers to as the quality, authenticity and trustfulness of the findings in a qualitative research, can be assessed by checking the study's credibility, transferability, dependability and 'confirmability'. Qualitative research is trustworthy when it accurately represents the experiences of the participants (Polit & Beck, 2010).

In the same vein, trustworthiness of a study can also imply the validity of the study. Validity is defined as the "demonstration that a particular instrument in fact measures what it purports to measure, more recently validity has taken many forms. In qualitative data validity might be addressed through the honesty, depth, richness and scope of the data achieved, the participants approached, the extent of triangulation and the disinterestedness or objectivity of the researcher" (Cohen, Manion & Morrison, 2000, p. 106).

The researcher conducted a pilot study to test the ability of the data collection tool to collect the intended data and despite the researcher having some information of the issues that were being probed, the researcher avoided pre-empting participants' responses. Furthermore, the researcher allowed the participants to respond to the questionnaire in his absence.

#### **3.8.1 CREDIBILITY**

Credibility of this study was supported by the choice of the participants in the study. The participants included a cross-section of most private sector players who are actively involved in the use of the various TF measures being implemented by Malawi with respect to SADC and COMESA trade blocs. Likewise, the use of semi-structured interview ensured that key concepts were raised for consideration and discussion and allowed scope to include topics that were not previously captured. Finally, the researcher had great understanding of the subject that was being

investigated but when conducting the interviews, the researcher put aside whatever he knew of the subject and focused on the information that was being generated by the primary participants. These activities increased the probability that credible findings will be produced (Polit&Beck, 2010).

Another strategy to ensure that the study was credible is that multiple methods of data collection were used. These multiple methods are FGD, semi-structured interviews and questionnaires. Thus, the data collected was triangulated. The data collected from these strategies enhanced the credibility of the study in the sense that data was cross-checked for its quality.

Finally, credibility of the research paper was boosted through peer reviewing of the questionnaire, and then later on, by seeking input from the supervisor of this study. All these opinions were sought before the pilot study.

### **3.8.2 DEPENDABILITY**

Polit & Beck (2010) define dependability as the potential for congruence between two or more independent people about the data's accuracy, relevance or meaning. This was done by seeking an understanding of secondary participants over the same questions. During the study, the supervisor of the research fully engaged, guided and audited the research study. This was done to ensure consistency. Again, the researcher incorporated direct quotes from the participants to allow others to ascertain the dependability of findings. This enhanced confirmability.

### **3.8.3 CONFIRMABILITY**

Confirmability of any research work can be proved by the extent to which the research findings are the product of the focus of the inquiry and not of the biases of the researcher (Dawson, 2002). The researcher acted in good faith and the findings presented in this study were only those that have been generated by the data collection tools. The data collection tools were the blueprints for the themes that emerged in the findings and a trail of the completed questionnaires and transcribed interviews was kept. The researcher also used the existing literature to facilitate further exploration of the themes identified.

### **3.8.4 TRANSFERABILITY**

Also termed as ‘fittingness’ this refers to the probability that Polit & Beck (2010) state that transferability refers to the results of any research being found if tested in another premise given the same concern variables; thus, the findings will have meaning to others in similar situations. Despite utilizing qualitative research design, the selection of the primary participants who are active players in the private sector ensured that data was collected from participants who have extensive knowledge in the subject of study. Furthermore, all the procedures set out in the design, sampling, and data collection were strictly, faithfully and correctly followed. Finally, the data analysis technique that was employed in the research was very objective. In addition, the thick description of the study has provided sufficient detail of the phenomena, making it possible for the reader to gain a clear picture of the events being described (Teddlie & Tashakkori, 2009).

### **3.9 DATA ANALYSIS**

Several methods have been used to analyse the data that the study generated. First, the data collected using semi-structured interviews was transcribed verbatim. Thereafter, the researcher developed themes from each question. After these themes were developed, the researcher developed codes from the participants’ answers. A greater emphasis was placed on explaining the experiences of these identified stakeholders from the private sector who are the major subjects in the concept of TF and their opinions were compared and contrasted.

### **3.10 RESEARCH ETHICAL CONSIDERATIONS**

A number of ethical considerations were taken into account when conducting this study.

First, prior to conducting the actual study, the researcher sought and was granted an ethics approval from the Graduate School of Business, University of Cape Town (Ref no, GSB/COM/028/2014) [Appendix 2]. Secondly, before gaining access to collect data from any primary and secondary participant, the researcher identified himself as

a student from the University of Cape Town and sought permission to conduct the study from the various institutions and business persons (Appendix 3)

Likewise, the researcher only conducted interviews with willing participants and did not compulsorily require the names of respondents to this study and also permitted the respondents the opportunity not to respond to some of the questions. The participants were also assured that the findings would not present their names. Wherever the study required the use of a recorder, permission was first sought from the participants and each of the participants was informed that participation in the research was for free and did not attract any remuneration; or penalty, in case of withdrawal.

Further to that, the researcher asked the participants to this study to sign an informed consent agreement (Appendix 4) where it stipulated that participation to the research was voluntary and if any participants wished to withdraw, they could do that any time. Suffice to say that, before proceeding with the interviews, the researcher verbally sought their consent to proceed with the interviews.

### **3.11 LIMITATION OF THE STUDY**

Despite ensuring to aim at a very comprehensive and objective research, a few limitations to this study need to be recognized.

To begin with, the researcher used samples that were based on trade data activity and performance, such that most of the participants were large importers and exporters. The challenges that they may consider of minimal impact may be substantial to smaller traders. However, the inclusion of other participants such as transporters and simplified trade regime ensured that a bigger and inclusive picture was obtained in the findings.

Secondly, when assessing the various TR measures or instruments being implemented by Malawi with respect to SADC and COMESA trade blocs, some of

the information for this study was not comfortably and openly released because the information was classified as private and confidential. However, the researcher used some senior customs officials to get the information.

In addition to this, detailed and comprehensive data on the measures that have been specifically introduced by SADC and COMESA were very scarce.

Furthermore, the researcher found difficulties in obtaining data from insurance firms and it was impossible to obtain a 100 percent (100%) response rate from all the questionnaires that were disseminated. The researcher corroborated the information that was generated from insurance firms with the actual importers and exporters.

Finally, this study appeared to be the first of its kind to be done in Malawi or among a few that have been done, if any. This limited the researcher's ability to confirm the findings with the available literature in the public domain.

### **3.12 CHAPTER SUMMARY**

This Chapter described the research design and methodology. The researcher obtained data by means of questionnaires and semi-structured interviews with the ultimate goal of obtaining multiple insights and perspectives that are relevant to the research problem from the participants who had objectively and specifically been selected to participate in the study and briefed about the purpose of this study. Finally, ethical considerations for this study were addressed. The next chapter shall report the research findings of the study.



## **CHAPTER FOUR**

### **FINDINGS**

This chapter presents the findings of this study. The study findings are presented according to the themes that were developed from the analysis of transcribed and coded data. The presentation shall be done based on the findings on each TF measure or tool that was examined.

#### **4.1 HARMONISED CUSTOMS PROCEDURES AND CUSTOMS CLASSIFICATION**

##### **4.1.1 Knowledge of the Measure/Tool**

Primary participants reported they had knowledge or were aware of this measure.

##### **4.1.2 Private Sector Involvement and Consultations**

All participants acknowledged that they were informed of this measure and were properly oriented by MRA. However, the participants reported that since then, no one has ever approached them to find out how the system was working, if it was easy to use and if there were challenges on how to use the system. This in the end left most of the private sector stakeholders with unresolved issues, which they did not know how to address.

##### **4.1.3 Benefits Attained When Using The Tool**

The private sector appreciated that the use of this measure had resulted in the same tariff codes and measurement units being used when trading not only in the SADC and COMESA region, but also with the world at large. Participants observed that the measure brought in certainty and predictability in the classification of goods.

##### **4.1.4 Challenges Faced When Using the Tool**

Irregular, insufficient and limited orientation were reported as major challenges under this measure. Importers and exporters lamented that so far, the orientation, which was offered by MRA targeted customs clearing agents

only such that the actual exporters and traders did not know how to properly use the tariff book.

Another challenge that was reported was that classification was usually an opinion. The subjectivity of where to actually class some of the products, which required technical expertise to classify using the tariff, has resulted in conflicts between traders and customs officers. In the words of one participant, *“at one point, I was exporting goods to Zimbabwe. I was surprised to realise that the same goods were classified under different tariff categories when exporting them from Malawi and when clearing them in Zimbabwe”*

#### **4.1.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

Participants reported that currently they did not know the body that was responsible for monitoring and evaluation of tool. However, the participants reported that disagreements between customs officers and traders were reported to MRA (through an appeal process) although the results from this process always favoured customs officers.

#### **4.1.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

Among ways of improving the applicability and performance of this measure, participants to the study suggested that dialogue and information sharing between customs officers and the trade fraternity could improve the understanding on common classification of some products.

Another suggestion that was put forward was that MRA should move forward and encourage traders to provide information of their exports and imports to MRA well in advance especially if a trader observes that the products under concern could likely result into classification differences.

## **4.2 USE OF REVENUE AUTHORITY DIGITAL DATA EXCHANGE (RADDEX) BETWEEN MALAWI REVENUE AUTHORITY AND TANZANIA REVENUE AUTHORITY**

### **4.2.1 Knowledge of the Measure/Tool**

The study found that a majority of the private sector stakeholder were not aware of this measure. The only section of the participants that was aware of this tool was the customs clearing agents. However, some traders heard about the system from their customs agents.

### **4.2.2 Private Sector Involvement And Consultations**

The participants reported that they were not consulted when MRA was introducing this system such that they believed that it was a system meant for customs officers.

### **4.2.3 Benefits Attained When Using the Tool**

The study found that the private sector did not really appreciate the benefits of RADDEX system. However, the participants reported that they purportedly heard that the system enables convenient and faster sharing of information between MRA and TRA.

### **4.2.4 Challenges Faced When Using the Tool**

The participants reported that despite the information being shared between the two revenue authorities, traders were still asked to lodge fresh customs entries and submit customs documentation whenever they crossed the border. This they said was very costly to the traders. When they asked the authorities about this measure, the participants reported that they were either told that the measure was only limited to the use of customs authorities for checking of values being declared by traders and not traders and customs clearing agents. In other cases, the participants reported that they were informed that the system was down due to Internet and network connectivity challenges between the two revenue authorities.

### **4.2.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found that the private sector was not aware of any monitoring and evaluation mechanisms for the success and effectiveness of the system especially that they were not involved in the running and use of the measure.

#### **4.2.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The private sector suggested that MRA and TRA should increase the publicity of this measure and should clearly explain what its benefits are to the private sector. They further said that if the system is beneficial to the private sector, then, the revenue authorities should extend its use to other parties such as traders and customs clearing agents so that errors to do with documentation are mitigated. Furthermore, the participants advocated for improved Internet and network connectivity between the two authorities.

### **4.3 SADC RULES OF ORIGIN CERTIFICATE**

#### **4.3.1 Knowledge of the Measure/Tool**

The study found that all the participants in the study were aware of the SADC Rules of Origin (RoO). However, in terms of thorough understanding of the RoO, only customs clearing agents were able to articulate the issues.

#### **4.3.2 Private Sector Involvement and Consultations**

The private sector reported that they were consulted through their respective mother bodies on the type of rules to be negotiated. But this was only done at the onset of the negotiations. After the rules were implemented, the study found out that the private sector was not consulted for any review or post-mortem of the experiences that the private sector faced when trading in the region.

#### **4.3.3 Benefits Attained When Using the Tool**

The study found that the tool offered preferential (in most cases zero) rates of duty to traders who had the certificate. The participants reported that it promoted trade and business for traders in the SADC member states and in

the area in which these preferential rates of duty were being offered and applied. The participants further reported that this certificate in the end helped the traders to incur less costs and eventually increased their profitability.

#### **4.3.4 Challenges Faced When Using the Tool**

The participants reported the restriction that comes with the RoO as a challenge. The private sector reported that it was not able to purchase competitive and cheaper raw materials from outside the SADC region or to outsource some of its production lines for fear that these raw materials will be charged higher rates of duty than those raw materials sourced from within SADC and affect their classification when the end product is intended for sale within the SADC region market. In the end, the private sector reported that some traders took the risk of outsourcing and buying raw materials from outside the SADC region but that it affected their profitability and competitiveness.

In the same vein, some participants expressed reservations with the current system of obtaining the certificate that required traders to go to MRA offices to buy the certificate. They reported that it added more costs to their businesses.

On the other hand, another section of the participants reported that the use of RoO certificate is a very complicated process for Malawian traders because Malawi belongs to both SADC and COMESA trade blocs with each trading bloc administering its own set of RoO. The private sector laments that these RoO of were not harmonised and this complicated the clearing process for their exports and imports.

#### **4.3.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found out that the private sector was not aware of any enforcement mechanisms for these RoO and was also not aware of any monitoring and

evaluation activity that took place to ask the private sector on how the current set of RoO was affecting their business when trading within the SADC region.

#### **4.3.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants to the study reported that the SADC RoO should be harmonised with COMESA RoO or if this fails, Malawi should consider belonging to one trade bloc. However, the private sector suggested that the decision to belong to one trade bloc should be made after a thorough study on Malawi's development agenda is conducted so that the needs of the Malawian private sector were not hampered by the process.

Another section of the private sector suggested that the SADC RoO certificate should be available for purchase online or through the local banks such that a trader could be able to just deposit money into MRA bank account and MRA should send the certificate online.

### **4.4 AUTOMATED SYSTEM ON CUSTOMS DATA (ASYCUDA)**

#### **4.4.1 Knowledge of the Measure/Tool**

The study found that a majority of the private sector stakeholder were aware of this measure but only customs clearing agents had a thorough understanding on how to use ASYCUDA.

#### **4.4.2 Private Sector Involvement And Consultations**

The study found that the participants were greatly consulted and involved during the implementation but usage training was only offered to customs clearing agents.

#### **4.4.3 Benefits Attained When Using the Tool**

The study found that the private sector did not really appreciate the benefits of ASYCUDA system. However, the participants reported that they recognise

that the system enables convenient and faster sharing of information between MRA and customs clearing agents.

#### **4.4.4 Challenges Faced When Using the Tool**

The participants reported that the challenge that they have faced when using ASYCUDA relates to lack or limited technical support from MRA. One participant said that *“I was stayed out of ASYCUDA network for over two weeks. I reported to MRA in each and every single day but I did not get help. Later on, I decided to travel from Lilongwe to Blantyre because currently MRA does not have regional ICT support offices. This was very expensive”*

In other cases, the participants reported that they were informed that the system was down due to internet and network connectivity challenges at MRA head office which hosts the server for the system.

Furthermore, the private sector reported that ASYCUDA is only helpful within national boundaries such that despite having the system backed up by both SADC and COMESA, they are still asked to submit fresh documentation and lodge separate entries at each and every border, which increases transaction costs and agency fees. Thus, the ASYCUDA documents cannot be accessed beyond national boundaries.

Finally, the private sector reported that the design of the system is not user-friendly. Particularly, the participants mentioned that in order to get comprehensive information, a user has to access more than one report in the same system and this wastes their time and requires advanced technical know-how.

#### **4.4.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found that the private sector was not aware of any monitoring and evaluation mechanisms for the success and effectiveness of the system especially that they were not involved in the running and use of the measure.

#### **4.4.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The private sector suggested that SADC and COMESA should advocate and agree with member states that ASYCUDA should be accessible beyond national boundaries so that once an entry is lodged in one country, it should be accessed in all the participating member states so that transaction costs are reduced.

Another suggestion that was posed by the participants was that revenue authorities should improve Internet and network connectivity and offer timely systems support to the private sector.

### **4.5 SINGLE ADMINISTRATIVE/UNIFORM CUSTOMS DOCUMENTATION (MALAWI REVENUE AUTHORITY FORM 12)**

#### **4.5.1 Knowledge of the Measure/Tool**

The study found that the private sector especially customs clearing agents were fully aware of this measure and how to use it.

#### **4.5.2 Private Sector Involvement and Consultations**

All participants acknowledged that they were informed of this measure through their representative bodies. However, the participants reported that since then, no one has ever approached them to find out how the system was working, if it was easy to use and if there were challenges on how to use the system. This in the end has left most of the private sector stakeholders with unresolved issues.

#### **4.5.3 Benefits Attained When Using the Tool**

The study found that the private sector supports this tool because it is easy to administer due to the fact that it is document that can be used for all types of trade transactions e.g. imports, exports and transit.

#### **4.5.4 Challenges Faced When Using the Tool**



The participants reported currently the form 12 applies within national boundaries and is adjusted by member states to suit their need such that, despite the information required being the same, the information is presented differently. The private sector laments that this causes confusion when the traders are trading across the SADC and COMESA region.

The traders also reported that they are asked to complete and submit the same form 12 whenever they enter a country of transit and destination. They reported that this duplication of the same documentation and activities causes delay when crossing borders and increases costs for business because customs clearing agents ask for agency fees in all these activities.

#### **4.5.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found that monitoring and evaluation on the uses of this tool from a private sector perspective has never been done. Currently, the private sector does not have a platform to make suggestions and experience the realities that they face when trading in the SADC and COMESA region.

#### **4.5.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

First, the participants suggested that member states to SADC and COMESA trade blocs should agree on one standardised form 12 which should be used in all the regions.

Second, the private sector reported that because form 12 is administered via ASYCUDA (automated), the form could be adjusted to capture other statistical or extra information that may be required from time to time.

Finally, the private sector suggested that the form 12 should be automated, connected and should be accessible by all revenue authorities within the SADC and COMESA region so that multiple preparation of customs documents and lodging of customs entries is minimised thereby reducing

some of the unnecessary costs that they incur when trading within the SADC and COMESA region.

## **4.6 SADC REGIONAL CUSTOMS BOND**

### **4.6.1 Knowledge of the Measure/Tool**

Most of the primary participants expressed ignorance over this measure. A few participants reported that the measure was piloted but was not fully rolled out.

### **4.6.2 Private Sector Involvement and Consultations**

The study found out that the private sector was fully consulted during the pilot study and are eagerly expecting the full implementation of this measure. However, they reported that they were left in suspense and they do not know when the bond will be implemented.

### **4.6.3 Benefits Attained When Using the Tool**

The study found out that the private sector is fully aware of the purported benefits for this measure which they reported included paying of one bond/security with the entire SADC region hence reducing the amount of funds that are currently tied up and paid for premiums on bond when crossing various countries in the SADC region.

### **4.6.4 Challenges Faced When Using of the Tool**

A delay in implementing the measure was reported as a challenge. The private sector noted that trial of the system was done in Malawi in the year 2009 but has not been fully operational. Other than this, the private sector did not report any challenges on this measure because currently, it has not been implemented.

### **4.6.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found out that the private sector was not aware of any framework or provision on how SADC intends to implement, monitor and evaluate the effectiveness of this tool.

#### **4.6.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants did not report any ways of improving the effectiveness of the system because the system had not been fully rolled out.

### **4.7 REPORTING MECHANISM FOR NON-TARIFF BARRIERS (NTBs) AND NON-TARIFF MEASURES (NTMs)-TRADEBARRIERS.ORG**

#### **4.7.1 Knowledge of the Measure/Tool**

The study found out that the private sector was not fully aware of this measure.

#### **4.7.2 Private Sector Involvement and Consultations**

Most participants reported that they were not aware of any consultations that took place before the implementation of this measure. The participants also reported that they had not been consulted to check the effectiveness of this measure after its implementation.

#### **4.7.3 Benefits Attained When Using the Tool**

The study found that the private sector was excited that now there is a regional reporting centre and authority for various NTBs and NTMs that individual member states introduce and apply within the SADC and COMESA region.

#### **4.7.4 Challenges Faced When Using of the Tool**

The private sector reported that Tradebarriers.org had no powers to hear aggrieved parties, to decide on the concerns and levy penalties on cases

such that despite its existence member states still have powers to disregard the body's advice because the implementation of the trade protocol is done at national level.

Likewise, the participants reported that major concerns lie in the SADC region because the private sector was not legally protected because the SADC tribunal was not functional.

#### **4.7.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found that the participants were not aware of any monitoring and evaluation strategy for this tool. However, other participants were encouraged by the fact that Tradebarriers.org invites both national and private sector representatives to its annual review of the reported NTBs and NTMs.

#### **4.7.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants reported that they suggest that Tradebarriers.org should be mandated to hear and decided NTBs and NTMs cases and levy penalties. Otherwise, they reported that SADC and COMESA trade blocs should fill this vacuum and hear cases of NTBs and NTMs, which continue to affect the private sector when trading in the region.

### **4.8 PRECLEARANCE SYSTEM FOR EXPORTS AND IMPORTS**

#### **4.8.1 Knowledge of the Measure/Tool**

The private sector reported that it was aware of this tool.

#### **4.8.2 Private Sector Involvement and Consultations**

Participants reported that they were not involved in the design of the measure but were involved and oriented on its operations.

#### **4.8.3 Benefits Attained When Using the Tool**

The study found that this measure helped to reduce delays at the borders and warehouses and led to fast release time. Particularly, the private sector mentioned tobacco, tea, petroleum, and cotton industry as some of the firms that have benefited from the use of this tool. This speed of release of goods reduced transaction costs for the private sector.

#### **4.8.4 Challenges Faced When Using the Tool**

The private sector reported that the challenges that hamper the success of this system included lack of trust between customs officers and traders, unscrupulous acts by traders especially to do with under declaration of quantities, values and false origins of the imports and exports.

Another challenge that was reported is that the measure does not consider trade and finance dynamics such foreign exchange gains and losses and how they are going to be recovered. The private sector holds the view that it loses.

#### **4.8.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The participant reported that they were not aware of any monitoring and evaluation exercise that took place or was planned to take place to evaluate this measure.

The private sector was also not aware of any platform where it could report cases in which customs authorities deny them the chance to pre-clear exports and imports.

#### **4.8.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The study found that the private sector proposes that member states or revenue authorities should agree in advance on the exchange rates to be used during the day of pre-clearance.

## **4.9 COMESA RULES OF ORIGIN**

### **4.9.1 Knowledge of the Measure/Tool**

The study found that all the participants in the study were aware of the COMESA RoO. However, in terms of a thorough understanding of the RoO, only customs clearing agents were able to articulate the issues.

### **4.9.2 Private Sector Involvement and Consultations**

The private sector reported that they were consulted through their respective mother bodies on the type of RoO to be negotiated. But this was only done at the onset of the negotiations. After the RoO were implemented, the study found out that the private sector was not consulted for any review or post-mortem of the experiences that the private sector faced when trading in the SADC and COMESA region.

### **4.9.3. Benefits Attained When Using the Tool**

The study found that the tool offered preferential (in most cases zero) rates of duty to traders who had the certificate. This, the participants reported that it promoted trade and business for traders in the COMESA member states and in the area in which these preferential rates of duty are being offered and applied. The participants further reported that this certificate in the end helped the traders to incur less costs and eventually increased their profitability.

### **4.9.4 Challenges Faced When Using the Tool**

The participants reported the restriction that comes with the RoO as a challenge. The private sector reported that it was not able to purchase competitive and cheaper raw materials from outside the COMESA region or to outsource some of its production lines for fear that these raw materials would be charged higher rates of duty than those raw materials sourced from within COMESA and affect their classification when the end product is intended for sale within the COMESA region market. In the end, the private sector reported that some traders took the risk of outsourcing and buying raw materials from

outside the COMESA region but that it affected their profitability and competitiveness.

Likewise, comparing to SADC RoO certificates, the private sector reported that it faced challenges when it came to buying the COMESA RoO certificate because they reported that MCCI had not decentralised the sale of this certificate. Some traders reported travelling long distances to obtain these certificates.

Furthermore, some participants expressed reservation with the current system of obtaining the certificate, which required traders to go to MCCI to buy the certificate. This, they reported that it added more costs to their businesses.

On the other hand, another section of the participants reported that the use of RoO certificate is a very complicated process for Malawian traders because Malawi belongs to both SADC and COMESA trade blocs with each trading bloc administering its own set of RoO. The private sector lamented that these RoO of were not harmonised and this complicates the clearing process for their exports and imports.

Finally, the private sector reported that MCCCCI charges K1,500 per certificate to its registered members and K2000 per certificate to non-members of MCCI respectively. The participants reported that this differential charging system entails that MCCCCI raises money for its activities through these certificates. The private sector therefore expressed reservations on the actual cost of the certificate that was prescribed by COMESA.

#### **4.9.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found out that the private sector was not aware of any enforcement mechanisms for these RoO and was also not aware of any monitoring and evaluation activity that took place to ask the private sector on how the current

set of RoO was affecting their business when trading within the COMESA region.

#### **4.9.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants to the study reported that the COMESA RoO should be harmonised with SADC RoO or if this fails, Malawi should consider belonging to one trade bloc. However, the private sector suggested that the decision to belong to one trade bloc should be made after a thorough study on Malawi's development agenda is conducted so that the process does not hamper the needs of Malawian private sector.

Another section of the private sector suggested that the COMESA RoO Certificate should be available for purchase online or through the local banks such that a trader could be able to just deposit money into MCCI bank account and MCCI should send the certificate online.

### **4.10 COMESA REGIONAL CUSTOMS BOND GUARANTEE**

#### **4.10.1 Knowledge of the Measure/Tool**

Most of the primary participants expressed ignorance over this measure. A few participants reported that the measure was piloted in other country apart from Malawi but was not fully rolled out.

#### **4.10.2 Private Sector Involvement and Consultations**

The study found out that the private sector was not aware of whether the private in those countries was fully consulted during the pilot study but are eagerly expecting the full implementation of this measure within the COMESA. However, they reported that they do not know if the bond be implemented.

#### **4.10.3 Benefits Attained When Using the Tool**

The study found out that the private sector is fully aware of the purported benefits for this measure which they reported included paying of one



bond/security with the entire COMESA region hence reducing the amount of funds that are currently tied up and paid for premiums on bond when crossing various countries in the COMESA region.

#### **4.10.4 Challenges Faced When Using the Tool**

The private sector reported that delays in implementing the measure is a big concern but other than this, the private sector did not report any challenges on this measure because currently, it has not been implemented. It was noted that the pilot study for this tool in COMESA started in the year 2007 but up to now it has not been implemented.

#### **4.10.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study found out that the private sector was not aware of any framework or provision on how COMESA intends to implement, monitor and evaluate the effectiveness of this tool.

#### **4.10.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants did not report any ways of improving the effectiveness of the system because the system had not been fully rolled out.

### **4.11 COMESA SIMPLIFIED TRADE REGIME (STR)**

#### **4.11.1 Knowledge of the Measure/Tool**

The study found out that most Malawian traders are not aware of this tool. The only few who knew about the tool knew it either through customs agents or through reading the posters that are stuck at MRA offices.

#### **4.11.2 Private Sector Involvement and Consultations**

All the participants that participated in the study reported that they do not have any knowledge on whether any traders were consulted or not before or after the introduction of the measure

#### **4.11.3 Benefits Attained When Using the Tool**

The study revealed that STR helped the participants to reduce agent fees, documentation costs and transaction costs. They reported that the tool is very easy to use because the list of applicable products is available.

#### **4.11.4 Challenges Faced When Using the Tool**

Among the challenges that were reported under this tool was that the STR list is not exhaustive and that the threshold value of \$1000 very low. The study also revealed that the framework for STR is misaligned. The private sector reported that, there is no clear definition of a small trader in respect to the number of years in operation and the capital base of the traders. They also reported that, the framework does not specify how long a trader can enjoy the benefits of STR. Furthermore, other participants reported that there was no STR help desk at MRA such that STR traders sometimes consult customs clearing agents. Finally, the traders reported that the system is not utilised among all COMESA member states.

#### **4.11.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The participants reported that they were not aware of any monitoring and evaluation system for this measure

#### **4.11.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The study found that the private sector advocates that the threshold have of \$1000 should be increased. They also reported that rules governing the system should be revised and redefined. Finally, the participants suggested that system should be automated because currently, the data is not captured in Asycuda.

## **4.12 COMESA SINGLE INSURANCE DOCUMENT/YELLOW CARD INITIATIVE**

### **4.12.1 Knowledge of the Measure/Tool**

The study revealed that some sections of the private sector knew about this measure while the other private sector players did not know about the measure. Among the few who knew about the measure, some had indicated that they did not use the tool.

### **4.12.2 Private Sector Involvement and Consultations**

The participants reported that they were consulted at the onset of the programme, but since its implementation, no consultations have been done to assess the effectiveness of the initiative.

### **4.12.3 Benefits Attained When Using the Tool**

The participants reported that this initiative helps to reduce the cost of insurance when trading in the COMESA region and Tanzania. The insurance has a wider coverage because it is recognised among all the COMESA member states.

### **4.12.4 Challenges Faced When Using the Tool**

The Malawian private sector reported that Malawi uses sea ports that are located in the SADC region which currently does not have this initiative and that this in the end means that they still pay more than one insurance fees before exporting or importing their goods to and from outside COMESA region.

Another challenge that was reported is that only vehicles are covered by this insurance such that if a trader has goods that are transported within the COMESA region, a trader is only able to reduce the cost of insurance for the vehicle and not the goods because the goods require national bond in each country of transit.

#### **4.12.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The private sector reported that there has never been any monitoring and evaluation assessment that was done on this measure and to date, they are not aware of any plans by COMESA member states to evaluate the success of this measure.

#### **4.12.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

COMESA should negotiate with SADC and other trade blocs to recognise regional insurance system and also advocate that the regional customs bond should be implemented.

### **4.13 COMESA VIRTUAL TRADE FACILITATION SYSTEM (CVTFS)**

#### **4.13.1 Knowledge of the Measure/Tool**

The study revealed that most of the participants to this study are not aware of this measure. A few participants that knew of the system reported that the system is currently under pilot phase.

#### **4.13.2 Private Sector Involvement and Consultations**

The participants reported that they were involved in the consultations before the implementation of the pilot phase of this measure.

#### **4.13.3 Benefits Attained When Using the Tool**

The private sector reported that the purported benefits from this measure are that security over goods and vehicles shall be improved, and the system shall reduce unnecessary physical examinations which result into multiple loading and physical offloading costs and losses along the road or in transit. Finally, they reported that vehicle escort fees paid to customs officers and police during transit shall be eradicated.

#### **4.13.4 Challenges Faced When Using the Tool**

The participants did not reveal any challenges due to the fact that the system has not been fully rolled out.

#### **4.13.5 Enforcement of Implementation, Monitoring and Evaluation of the Tool**

The study did not reveal any results on this because the framework for this measure does not include any elements of monitoring and evaluation strategies.

#### **4.13.6 Ways of Improving the Effectiveness, Success and Efficiency of the Tool**

The participants advanced that issues to do with awareness, connectivity and enforceability of this measure should be addressed with greater emphasis being placed on improving Internet and network infrastructure.

### **4.14 OTHER GENERAL ISSUES ON TRADE FACILITATION TOOLS RELATING TO SADC AND COMESA REGION)**

#### **4.14.1 Non-implementation of measures agreed under SADC and COMESA by member states**

The participants reported that it appeared to them that member states to SADC and COMESA make commitments at the regional level but the measures they agree on are not implemented or enforced on the ground. One of the participants pointed out, *“a pilot study on the SADC Regional Customs Bond was done a long time ago but to now, nothing has been done. This raises expectations among us, yet we still incur unnecessary costs until forever”*. An example that was cited was on the SADC and COMESA Regional Customs Bonds that up to now have not been implemented.

In a related development, the participants questioned the partial or test implementation of the various TF measures. The participants reported that it becomes difficult for them to move from one country where a certain measure is being implemented into another country where the measure is not being implemented, yet it is within the same region.

#### **4.14.2 Uncoordinated Implementation at National Level**

The study found out that the private reported that much focus on TF has been placed on transforming MRA, yet the factor the affect trade are caused by a combination of various actors at the border. The actors that were reported included standard, road, health and immigration authorities.

#### **4.14.3 Discriminatory Acts by Government Authorities at National Level**

The private sector particularly in logistics reported that some countries offer preference to their locally registered operators when administering fees and releasing vehicles at borders. This they reported that is foster by non-publication of national logistics laws by member states of both SADC and COMESA. One participant reported that *“when travelling the route between Beira in Mozambique to Mwanza border in Malawi, a Mozambican registered transporter is charged US\$45 as toll fees while a Malawian registered transporter is charged US\$250 as toll fees for the same route. This makes Malawian importer prefer to higher Mozambican transporters because they end up becoming cheaper to use than us”*. Another driver reported that he was forced to pay a fine for driving a truck while putting on a vest and a short. These are national laws, which he had never heard of in Malawi.

Another issue that was reported is the language barrier in other SADC countries. The private sector reported that they faced serious language problems in Mozambique. The participants suggested that SADC and COMESA countries should agree on one business language to be used when trading across the regions.

#### **4.14.4 General Attitude of Law Enforcers**

The study found that the attitude of most national law enforcers hamper to success of various TF measures within the SADC and COMESA region. The issues that were raised included that customs officer do not deliberately orient the traders on cheaper means of trading because the focus on collecting more revenues.

The participants also reported that MRA focuses on registered and large traders when conducting awareness activities on the various TF measures being implemented so much so that the unregistered and smaller traders are usually or often left out.

#### **4.14.5 Fear of Losing Business**

A section of the participants reported that there is general fear by some border agencies and firms that promoting the various TF measures being implemented in the SADC and COMESA region may lead to job losses, eventual loss of agency fees and loss of business. This entails that promoting TF poses a risk towards survival of their business

### **4.15 CHAPTER SUMMARY**

This chapter presented the findings of this study. The study findings were presented according to the themes that were developed from the analysis of transcribed and coded data. What follows in the next chapter is the discussion of the findings that have been presented in this chapter.

## CHAPTER FIVE

### DISCUSSION OF THE FINDINGS

This chapter discusses the research findings in relation to research problem, relevant literature reviewed in seeking an understanding of this problem and the findings. The study investigated the “***Perspectives from the private sector on the trade facilitation tools and instruments being implemented in SADC and COMESA – A Case of Malawi.***”

#### 5.1 MAIN FINDINGS

The documented findings were those relating to benefits arising from successful implementation of various TF measures and also challenges in the management of the TF reform and implementation processes, limited awareness, insufficient consultations, unavailability of information of the decisions agreed during discussions and consultations, delays in implementation, weak legal and enforcement mechanisms in the SADC and COMESA trade protocols and audit of the measures from the perspectives of the private sector.

Finally, the discussion shall relate the findings of the study to previous research and reflect on the relevance of this study to future work on private sector perspectives on various TF measures or instruments that are being implemented in Malawi within the context of SADC and COMESA trade blocs. Thus, the discussion shall pave way for the successful implementation of the recently concluded Agreement on Trade Facilitation (ATF) at the WTO.

Turning now to the discussion, the researcher observed that little or no attention was paid to the realities and experiences that the Malawian private sector faced when using various TF measures being implemented by Malawi within the context of SADC and COMESA and when trading within the SADC and COMESA region. Notable gaps were identified in the overall TF management process in Malawi. In order to fill this gap, the study envisaged making an assessment of each TF measure that Malawi introduced and implemented within the context of SADC and COMESA. The study encompassed the benefits and challenges arising from these TF measures from a private sector perspective.



The results from the study pointed to both benefits and challenges of the various TF measures that were assessed and experiences that Malawi private sector faced when using these TF instruments and when trading within the SADC and COMESA region.

## **5.2 BENEFITS**

The benefits which the private sector reported from the use of the various TF measures introduced and implemented by Malawi included the following:

- i. TF brought universal and common tariff coding and measurement units for goods.
- ii. TF brought certainty and predictability in the classification of goods and reduced release times for goods.
- iii. TF resulted in private sector players from within SADC and COMESA enjoying preferential rates of duty thereby reducing the cost of doing business within the SADC and COMESA region.
- iv. TF simplified trade and anticipate it will further reduce costs in insurance and bonds and expect it to speed up sharing of information across the region when other measures are fully implemented.
- v. Smaller-scale traders reported that they benefited from not using COMESA RoO certificates and involving agents when clearing their goods.

These findings address the identified needs that the business community (private sector) craves (BAFICCA, 2006 and BAFICCA, 2007). The results also confirm the findings that Kenya Association of Manufacturers (2011) identified as benefits that Kenyan manufacturers reported. From these benefits outlined in the findings of this study, it is evident that Malawi and other member states of SADC and COMESA cannot explicitly address the needs of the private sector without factoring in TF.

## **5.3 CHALLENGES**

Nevertheless, this study revealed that the private sector faces several challenges with the various TF measures and when trading within the SADC and COMESA region. The challenges revealed were as follows:

- i. There is generally limited and selective awareness and involvement of the private sector during both consultation and implementation of the various TF instruments by Malawi.
- ii. Unharmonised implementation of the TF measures.
- iii. Notable lack of trust between customs and trade community.
- iv. Notable delays in implementation of very important and beneficial measures to the private sector.
- v. No post-mortem and audit of the measures to check and confirm the successes and challenges that the TF measures have brought into the trade chain.
- vi. The selection of stakeholders to involve and the process of managing the stakeholders have not been done properly.
- vii. Information on the discussions between TF agencies and private sector and basis of their decisions was not available in the public domain such as radios, newspapers, television, social media, websites, magazines and other platforms.

Interestingly, these challenges support the findings that Kenya Association of Manufacturers (2011) and Mpata & Mwakalombe (2011) reported. The study by Kenya Association of Manufacturers (2011) found that there was a disconnect in priorities between TF bodies and the private sector, which affected the implementation of TF measures. These delays increased the cost of doing business for the private sector. In the same vein, Mpata & Mwakalombe (2011) found that both COMESA and SADC delayed the full implementation, have partially implemented or have not implemented the use of regional customs bond in their member states.

This study also found out that there are implementation challenges related to poor management of the TF systems and process by Malawi and other SADC and COMESA member states, national TF agencies and SADC and COMESA trade bodies. Some of the core ingredients of a properly managed TF system such as consultations, involvement of stakeholders, monitoring and evaluation of TF measures as highlighted by Singapore (2011) were not properly done.

In addition, the weaknesses in the legal frameworks of both SADC and COMESA trade protocols on implementation and enforcement of TF measures that this study found confirms the regional outcry over the stance of SADC tribunal and COMESA court of Justice's ability to enforce the commitments that member states agreed and their ability to protect the interest of the private sector in the SADC and COMESA region. Kanyimbo & Manduna (2014) argue that TF projects, initiatives and reforms should be viewed as regional public projects and goods whose implementation and enforcement should be overseen by regional bodies for example SADC and COMESA. This is because any break in implementation and enforcement in one member state affects the success and implementation of the TF measure in another member state, in that order. This means that the audit of these TF measures in terms of consultation, introduction, implementation status, benefits and challenges of the TF measures should be done by not only national TF bodies but the regional bodies too.

Likewise, the private sector advanced that issues of non-implementation or partial implementation of regional TF issues should have been dealt with by giving the powers to regional dispute hearing and settlement authorities such as SADC Tribunal and COMESA Court of Justice so that all member states should be liable to these institutions. But Erasmus (2013) observed that with the suspension of the SADC Tribunal in the year 2010, certainty of a rules-based system, protection of rights of firms, service providers, investors and business people have been seriously undermined. Therefore, the success of respect of law by both SADC and COMESA member states and their ability to give the powers of enforcing the implementation of various TF measures to SADC Tribunal and COMESA Court of Justice may be questionable.

## **5.1 CHAPTER SUMMARY**

This chapter discussed the findings of this study. In presenting the discussion, the researcher made sense of the findings by relating them to relevant and previous literature. The next chapter shall make conclusions and recommendations from the findings of the study.

## CHAPTER SIX

### CONCLUSION AND RECOMMENDATIONS

This chapter presents the conclusions and recommendations from the findings.

#### 6.1 CONCLUSION

This study uncovered perspectives that the private sector holds on the various TF instruments and measures that are implemented by Malawi within the context of SADC. The perspectives included the benefits that these TF measures have brought to the private sector, the challenges that they face when using the TF measures and when trading within the SADC and COMESA region.

The findings of the study further call into question the partial, non-implementation of agreed measures and nationalistic implementation of various TF measures in SADC and COMESA. A theme that clearly came out under this study was that TF requires a coordinated, holistic and regional approach to implementation, or if this cannot be done, then a nationalistic approach to implementation, monitoring and evaluation that includes all national TF agencies and interested stakeholders in the process. All these approaches require a clear, legally binding enforcement and dispute settlement system that will help address injured member states and private sector players if individual member states decide not implement the binding commitments contained in the frameworks of SADC and COMESA protocols.

#### 6.2 RECOMMENDATIONS

Based on the findings from this study and discussion of the findings, the researcher makes the following recommendations:

##### **6.2.1 Maintain and Improve on the TF Measures that Benefited the Private Sector**

The study found that benefits that the private sector reaped from the various TF measures included; universal and common tariff coding and measurement

units for goods, certainty and predictability in the classification of goods, speedy release of goods and reduced delays in transit time, preferential rates of duty being applied thereby reducing the cost of doing business within the SADC and COMESA region and anticipated costs reduction in insurance and bonds, and speedy sharing of information across the region when other measures are fully implemented.

The researcher recommends that these measures should be maintained and or improved upon so that these benefits can be maintained and maximised for the private sector. The researcher further recommends that the regional customs bonds and regional automation and exchange of trade documents such as Form 12, which can be accessible beyond national borders, should be quickly implemented by either national TF bodies or through SADC and COMESA.

## **6.2.2 ADDRESSING THE CHALLENGES**

The study uncovered that the challenges on TF lie in both national systems and regional systems (SADC and COMESA).

At national level, the challenges found included; limited and selective awareness and involvement of the private sector during both consultation and implementation of the various TF instruments by Malawi, unharmonised implementation of the TF measures, notable delays in implementation of very important and beneficial measures to the private sector, no post-mortem and audit of the measures to check and confirm the successes and challenges that the TF measures have brought into the trade chain, poor selection of stakeholders to involve and weakness the process of managing the stakeholders, and unavailability of information pertaining to consultation discussions and decision in the public domain.

At regional level, the study found that legal frameworks of both SADC and COMESA trade protocols lack powers to enforce implementation of agreed TF

measures that has resulted in delays in implementation, non implementation of agreed measures or partial implementation of agreed measures by national TF agencies and member states. Thus both SADC and COMESA have not done well in areas of consultations with the private sector, implementation of agreed TF instruments and the monitoring and evaluation of the implemented TF measures. Similarly, the design of the COMESA STR scheme did not provide an objective and clear criteria for defining a trader who is eligible to benefit from STR scheme. The traders lamented that the scheme does not specify how long a trader can be categorised as an STR trader.

From the challenges outlined above, the researcher recommends that:

## **A. Organisational Level**

### **a) Short Term**

- i. MRA should either create a private sector interface on its existing website or create another website which will act as forum for updating and receiving feedback from the trade community on a more regular basis.

A practical example of this interface is that the government of Singapore is engaged in a partnership initiative with the private sector namely TradeXchange, an online platform that offers a variety of business-to-government and business-to-business services designed to facilitate the efficient exchange of documents and information through industry-accepted standardized formats, and thereby minimize the need for multiple data entries (World Trade Organization, 2012).

- ii. MRA should work on improving its communication with the trade community and build more trust with the private sector. Adopting a more customer-oriented approach when discharging its duties could do this. As one way of doing this, Mauritius established a trade portal which provides maximum information to the

business community and to the public at large relating to import and export procedures in Mauritius (World Trade Organization, 2014).

- iii. MRA should establish district or regional ICT help desk offices so that ICT support is timely provided to the private sector.
- iv. MRA should hold regular scheduled meetings with private sector stakeholders to discuss new policies and raise issues related to the clearance of goods.

#### **b) Medium to Long Term**

- i. MRA should acquire a more reliable and stable Internet and network connectivity system.
- ii. MRA should speed up the implementation of ASYCUDA World and National Single Window.

### **National Level**

#### **a) Short Term**

- i. NWGTP and PPD which are the agencies entrusted with the process of managing the stakeholders involved in trade policy reforms should develop a network of consultative and publicity platforms such as establishing an e-mail service or website where all private sector places can access consultations progresses, decisions made and contribute to the reform process.
- ii. MRA, Ministry of Trade and Industry, MCCCCI, NWGTP, PPD and other agencies involved in TF should conduct routine private sector satisfaction surveys on the TF measures that are implemented in Malawi.
- iii. Malawi should promote innovation in RoO certificate issuance. The simplest and cheapest method should be that MRA and MCCCCI should set up desk officers and simply allow traders to deposit money (certificate fees) in either MRA or MCCCCI bank accounts. Thereafter, the traders should submit these deposit

slips online and in turn the desk officers should issue and send the RoO certificates electronically via the Internet.

Another way of promoting this innovation is by adopting what Mauritius has done. The government of Mauritius implemented e-Certificate of Origin and this system has been extended to the application and processing of certificates of origin under the SADC Trade Protocol (World Trade Organization, 2014).

#### **b) Medium to Long Term**

- i. At national level, Malawi's TF agencies should adopt an integrated and comprehensive approach aimed at improving the management of trade facilitation systems. The focus for this approach shall be to improve all the sectors and players involved in road infrastructure and information technology development, in customs, private sector and private agencies along the trade facilitation chain.
- ii. This integration should extend to seek synergies with other member states by either pursuing bilateral TF projects with other member states or by honoring commitments agreed under SADC and COMESA.

### **Regional Level**

#### **a) Short Term**

- i. COMESA should re-define and design the STR framework to include how many years a trader can be eligible to benefit as an STR trader and include capital base of a trader as another measure for categorising the traders.
- ii. COMESA should lobby for regional recognition and operation of the yellow card in other trade bodies such as SADC and EAC and should quickly implement the regional customs bond so that both vehicles in conveyance of goods and the goods being transported should all have one regionally recognised insurance/bond.



- iii. Malawi's national TF agencies, SADC and COMESA member states should fully adopt, implement TF standards, recommendations and best practices developed and agreed at SADC, COMESA, WCO, WTO and other reputable trade facilitation agencies.
- iv. The SADC Regional Customs Bond and COMESA Regional Customs Bond should be implemented without further delay.

**b) Medium to Long Term**

- i. Malawi should also advance the agenda of merging or harmonizing the regional customs bond for both SADC and COMESA which were both piloted and must move the agenda to fully implement these regional customs bond. If not, then Malawi should advocate for mutual recognition of both SADC and COMESA customs bonds.
- ii. Malawi, SADC and COMESA should make proposals to improve automation and of ICT connectivity so that trade documents once entered in one country should be accessible in any other SADC and COMESA member state.
- iii. SADC and COMESA should jointly tackle the challenge of poor roads and logistics infrastructure. Drafting joint proposals to cooperating donor partners to finance these projects could do this. It is undeniable that SADC and COMESA operate in almost the same transport corridors, road networks and ports.
- iv. SADC and COMESA should work towards either empowering their dispute settlement authorities or Tradebarriers.org to hear, make decisions and levy penalties on reported NTBs and NTMs because currently, reporting of the NTBs and NTMs is not enough to address the challenges of the private sector.
- v. SADC should revamp the SADC Tribunal and enable a rules-based trading system, which upholds the rights of the private sector to prevail, and member states to SADC should learn to

respect the law. This calls for some transfer of sovereignty to these regional institutions.

### **6.2.3 Future Research Possibilities**

This study investigated private sector perspectives on various TF measures that Malawi implemented within the context of SADC and COMESA trade blocs. The results of the study represent responses from a cross section of private sector players, which could be consulted and interviewed within the time frame of the research assignment. The researcher has the view that given enough time and financial support, a fully-fledged and detailed study could be conducted to include a bigger cross section of the private sector.

At a national level, the Ministry of Trade could also adopt the approach of this study and conduct a study encompassing all private sector players in the entire trade facilitation chain for example, other border agencies, bureau, standards rail and air transport systems.

Internationally, COMESA, SADC and other regional trade bodies can conduct their own self-assessments to seek an understanding of the perspectives from the private sector on the various TF measures that the trade blocs implemented so that challenges that the private sector could be addressed and the TF measures could be improved.

Finally, the study was a broad initial survey of the TF terrain and the perspectives of private sector players and it opens up leeway into more sector-or industry-specific studies. The study also opens the scope for bilateral country-specific studies on various TF measures and their implementation.

### **6.2.4 Implications for Practice**

The critical issues that this study has uncovered call into question the management of a good TF system both at national, regional and multilateral level. TF facilitation is not a subject for countries but it is intended to benefit

the private sector and citizens of the countries. The performance of these two trickles down to reflect how well countries are performing. Therefore, the results of this study should help Malawi and other WTO members to approach, plan carefully and thoroughly involve and consider the views of the private sector when implementing the just ratified Agreement on Trade Facilitation under WTO and also future TF projects initiated by SADC and COMESA.

On the other hand, the realisation that most TF projects require harmonisation, mutual recognition and joint coordination by member states calls for a convergence of SADC and COMESA arrangements and implementation strategies. This can be solved by both SADC and COMESA implementing the tripartite free trade area so that most projects are done at that level.

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## 8. APPENDICES

### 8.1 APPENDIX 1 : PLAN OF WORK

The Gantt chart below details the plan of activities and time schedules that were followed to conduct the study and the dates that I had earmarked to implement the activities. The plan was continuously and prudently followed such that the project was timely and effectively completed.

CHIFUNDO BILIWITA																																			
RESEARCH PLAN OF WORK																																			
Month/Year	JULY, 2014					AUGUST, 2014					SEPTEMBER, 2014					OCTOBER, 2014					NOVEMBER, 2014					DECEMBER, 2014					JANUARY, 2015				
Week Beginning (date)	30th June	6	13	20	27	3	10	17	24	31st August	7	14	21	28	5	12	19	26	2	9	16	23	30	7	14	28	4	11	18	25	31				
ACTIVITIES	IQ																																		
		QR																																	
		S																																	
			P	P																															
						QRD	QRD	QRC	QRC																										
										IT	IT																								
											DA	DA																							
														DW	DW	DW																			
																DS																			
																		FDA	FDA	FDA	FDA	FDA													
																		SF	SF	SF	SF	SF													
																							WU	WU	WU	WU									
																										PR	FS								

- KEY
- IQ= Interview Questions formulation (Semi-structured)
  - QR= Questionnaire development
  - S= QR and IQ sent to supervisor for approval
  - P= Conducting Pilot Study
  - QRD= Questionnaire Distribution
  - QRC= Questionnaire Collection
  - QIC= Conducting Semi-structured Interviews
  - IT= Interview responses transcribing
  - DA= Data Analysis
  - DW= Draft Writing
  - DS= Draft Submission
  - FDA= Final Data Analysis
  - SF= Summarising Findings
  - WU= Write Up
  - PR= Proof Reading
  - FS= Submitting Final Thesis



## 8.2 APPENDIX 2: ETHICS APPROVAL

Dr Stephanie Giamporcaro

GSB Research Director T: +27

(0)21 406 1180

E: [stephanie.giamporcaro@gsb.uct.ac.za](mailto:stephanie.giamporcaro@gsb.uct.ac.za)

GSB/COM/028/2014

Cape Town, 09 October 2014

Chifundo Biliwita

University of Cape Town, Graduate School of Business

[c.biliwita@yahoo.com](mailto:c.biliwita@yahoo.com)

Dear Chifundo

### **Re: Ethics Approval**

Thank you for submitting your ethical clearance application for your research on **“Perspectives from the private sector on the trade facilitation tools and instruments being implemented in SADC and COMESA – A Case of Malawi.”**

This is to confirm that your application has been assessed by the GSB’s Ethics in Research Committee according to the rules and norms of the University and Commerce Faculty, and that it has been approved.

Please note that if you make any substantial change in your research procedure that could affect the experiences of the participants, you must submit a revised protocol to the Committee for approval.

Kind Regards

A handwritten signature in black ink that reads "Steph". A single horizontal line is drawn across the signature, extending from the left edge of the page to the right edge of the signature.

Dr Stephanie Giamporcaro

Research Director

### 8.3 APPENDIX 3: LETTER OF INTRODUCTION AND REQUEST TO CONDUCT A STUDY

FULL COLOUR THINKING



C/O Dr Stephanie Giamporcaro

GSB Research Director

T: +27 (0)21 406 1180

E: [stephanie.giamporcaro@gsb.uct.ac.za](mailto:stephanie.giamporcaro@gsb.uct.ac.za)

12<sup>th</sup> October, 2014

(To whom it may concern)

Dear Sir/Madam

#### **RE: REQUEST TO CONDUCT A STUDY AT YOUR INSTITUTION**

I write to request your office to allow me conduct a study at your institution. The aim of the study is to explore the **“Perspectives from the private sector on the trade facilitation tools and instruments being implemented in SADC and COMESA – A Case of Malawi.”**

I am Master of Commerce in Management Practice (Trade Law and Policy) student at Graduate School of Business, University of Cape Town and I am required to conduct a research in my area of interest in order to partially fulfill the requirements for the award of the degree. The study shall take place between September, 2014 and December, 2014 and I shall be expected to send the results of the study through a dissertation in January, 2015.

I believe the results of study shall be very important because they will unearth both positive and negative impacts of the various trade facilitation measures being implemented in the SADC and COMESA region and shall bring out the encouraging and challenging realities and experiences that the private sector faces when trading in the SADC and COMESA region with the ultimate purpose of shaping trade policy for the benefit of the private sector and Malawi's country economy at large.



Thank you for your permission.

Yours faithfully,

Researcher: Chifundo Biliwita      Cell: +265884636869

Supervisor: William Mwanza Cell +27610743299



#### **8.4 APPENDIX 4 : INFORMED CONSENT FORM**

##### **Greetings, `**

My name is **Chifundo Fadweck Biliwita** a Master of Commerce in Management Practice (Trade Law and Policy) Degree Student from Graduate School of Business, University of Cape Town in Cape Town, South Africa.

##### **Purpose of the Study**

Dear participant, I would like to inform you that this research study is titled ***“Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments Being Implemented in SADC and COMESA – A Case of Malawi”***. This study aims at exploring the perspectives from the Private Sector on the various Trade Facilitation tools, instruments or measures that Malawi has implemented under the auspices of SADC and COMESA trade blocs. Kindly be honest and true for the betterment of the results that could lead to better interventions and recommendations in the future.

##### **Confidentiality**

I will protect and treat the information you will provide with the highest degree of confidentiality and to the best of my ability. I will not write your name on the questionnaire or in any report/documents that might let someone identify you unless you clearly indicate that I can include your details on the questionnaire. Your name or the name of your company will not be linked to the research information and results in any way. I will safeguard and take care of the data and information that I will collect. However, the final results after the analysis will be shared with the Graduate School of Business, University of Cape Town (for academic purposes) and other interested stakeholders in the field of trade and I may submit the manuscript for publication in trade research journals.

##### **Participation Rights and Withdrawal alternatives**

Your participation in this study is voluntary. You may decline from participation to the study at the onset of this interview or at any other time during the interview even if you have consented to participate. You also have a right to choose not to answer

some of the questions in this study. There is no penalty for refusing to participate in the study and you will not experience any loss if you refuse to participate in this study.

### **Benefits and risks**

There are no monetary benefits for participating in this study. However it is expected that the findings from this study will help the lead trade facilitation agencies in Malawi, SADC and COMESA region to appreciate the realities of the experiences that the private sector faces when trading in the SADC and COMESA region and find ways of the various trade facilitation tools/measures with the ultimate goal of improving the trade and business environment in Malawi and the SADC and COMESA region. If you volunteer to participate in the study, you will be required to undergo an interview. However, you are free to terminate your participation at anytime. The information collected will be treated with confidentiality and will only be used for the purpose of this study.

### **If any damage will occur**

It is not expected that there will be any damage for your participation as the respondent to this study.

### **Who to Contact**

If you ever have questions about this study, you should contact the Principal Investigator, **Chifundo Fadweck Biliwita** ( Tel **+27 604 025 606** or **+265 884 636 869** ) of the Graduate School of Business, University of Cape Town , Private Bag X3, Rondebosch, 7701, Cape Town, South Africa.

If you ever have questions about your rights as a participant in this study, you may call **Dr Stephanie Giamporcaro**, Graduate School of Business Research Director on telephone number **+27 (0)21 406 1180** or by writing an e-mail to [stephanie.giamporcaro@gsb.uct.ac.za](mailto:stephanie.giamporcaro@gsb.uct.ac.za) and **Mr. William Mwanza**(Trade Law Centre, South Africa) who is the supervisor for this study on telephone number **+27 610 743 299**

Do you agree to participate? YES/NO **[tick the appropriate]**

I ..... have read the contents in this form. My questions have been answered. I agree to participate in this study.

Signature of participant .....

Signature of Researcher ..... Date of signed consent .....

DECLARATION

The above document describing the benefits, risks, and procedures for the research titled ***“Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments Being Implemented In SADC and COMESA – A Case of Malawi”*** has been read and explained to me and I have agreed to participate. I certify that the nature and purpose, the potential benefits and possible risks associated with participating in this study have been explained to me.

Signature or thumb print .....DATE.....

Signature of Participant.....DATE.....

**8.5 APPENDIX 5: PRIMARY PARTICIPANTS QUESTIONNAIRE**

**OBTAINING AN UNDERSTANDING OF THE TRADE FACILITATION TOOLS/MEASURES BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

Good day! My name is **Chifundo Biliwita**. I am conducting a study on the **Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments Being Implemented in SADC and COMESA-A Case of Malawi**.

Your company was selected because in the year, 2013 you were directly involved in cross border trade between Malawi and other SADC and COMESA member states. I will be asking you questions about various trade facilitation tools/measures that have been implemented in the SADC and COMESA trade blocs and will seek your honest and real perspectives on the experiences and realities that you face when using these measures.

Information collected in this study will be used strictly for educational purposes. Neither your names nor the name of your company will be mentioned or included in the dataset or in any report emanating from this study unless prior consent is obtained from you.

You have the right to answer or not to answer any of the questions set out in this study.

At this point, do you have any questions about the study? Do I have your agreement to proceed?

**TRADE FACILITATION TOOLS BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

**1. USE OF HARMONISED CUSTOMS PROCEDURES AND CUSTOMS CLASSIFICATION (SADC) [Customs Clearing Agents]**

- i. How well is the tool/measure working?

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.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

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.....

**2. USE OF REVENUE AUTHORITY DIGITAL DATA EXCHANGE (RADDEx)  
[SADC – MALAWI AND TANZANIA] [target respondents: Customs  
Clearing Agents, Importers and Exporters]**

- i. Have you ever heard of the RADDEx?

Yes    No   Prefer not to Answer

- ii. If your answer to question 1 above is yes, please explain what you know about RADDEx?

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.....

- iii. How did you know about this tool/measure?

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- iv. Before the introduction of RADDEx System by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No   Prefer not to Answer

- v. After the introduction of the RADDEx in MRA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes    No   Prefer not to Answer

vi. Is the use of the RADDEx by MRA a good trade facilitation tool/measure?

Yes    No   Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of the RADDEx System has brought to international trade and your business?

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....

viii. Since the introduction of the use of the RADDEx System by MRA, have you faced any challenges when trading within the SADC?

Yes    No   Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the RADDEx Systems and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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.....

xii. Since the introduction of the RADDEx Systems, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the RADDEx Systems?

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xiv. How well is the tool/measure working?

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**3. USE OF AUTOMATED SYSTEM ON CUSTOMS DATA (ASYCUDA)  
[Applicable to both COMESA AND SADC] [target respondents:  
Importers, Exporters, Transporters, Customs Clearing Agents]**

i. Have you ever heard of ASYCUDA?

Yes    No   Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about ASYCUDA?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of ASYCUDA System by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of ASYCUDA in MRA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of ASYCUDA by MRA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of ASYCUDA System has brought to international trade and your business?

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viii. Since the introduction of the use of ASYCUDA System by MRA, have you faced any challenges when trading within the SADC and COMESA?



Yes    No   Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....

x. Do you have any suggestions on how ASYCUDA system and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of ASYCUDA system, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of ASYCUDA system?

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xiv. How well is the tool/measure working?

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**4. SINGLE ADMINISTRATIVE DOCUMENT (SAD) AND UNIFORM CUSTOMS DOCUMENTATION (FORM 12) (SADC AND COMESA) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

i. Have you ever heard of a single customs administrative document (MRA Form 12)?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about Form 12?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of Form 12, were you individually or through your representative body or agents consulted for your inputs on the design of the form?

Yes  No Prefer not to Answer

v. After the introduction of Form 12, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using this Form 12? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Compared to the previous import and export documentation requirements, where you were expected to complete different documentation for exports (Form 34) and imports (Form 21), would you say the introduction of a combined Form 12 which captures data for both imports and exports is a good trade facilitation tool?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Form 12 has brought to international trade?

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viii. Since the introduction of Form 12, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how Form 12 and its use could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of Form 12, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of Form 12?

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xiv. How well is the tool/measure working?

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**5. RULES OF ORIGIN CERTIFICATES FOR SADC AND COMESA [target respondents: Customs Clearing agents, importers and exporters]**

i. Which rules are easy to be applied or implemented by customs officials and traders?

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ii. Please provide the justification for your answer above?

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iii. Which rules are good for Malawian industries/traders?

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iv. Please provide the justification for your answer above?

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**COMESA CERTIFICATE**

i. Are there charges for the certificate and how much are the charges?

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ii. Where are the certificates issued/obtained?

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iii. Who are the authorized signatories?

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**SADC CERTIFICATE**

i. Are there charges for the certificate and how much are the charges?

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ii. Where are the certificates issued/obtained?

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iii. Who are the authorized signatories?

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**Evaluation of the tool/measure**

i. How well is the tool/measure working?

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ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

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**6. SADC REGIONAL CUSTOMS BOND [target respondents: Importers, exporters, insurance firms, customs agents]**

**Explanation**

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*
- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

i. Have you ever heard of the Regional Customs Transit Bond)?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the Regional Customs Transit Bond?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Regional Customs Transit Bond a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Regional Customs Transit Bond has brought to international trade and your business?

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viii. Since the introduction of the use of Regional Customs Transit Bond, have you faced any challenges when trading within the SADC region?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the Regional Customs Transit Bond and its use/management could be improved?

Yes    No    Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the Regional Customs Transit Bond, has your profitability improved?

Yes    No    Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Regional Customs Transit Bond?

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xiv. What happens when a Trader (from a SADC member state) enters the Malawian border with goods in transit to another country?

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xv. Who checks the customs bond and what are the customs bond requirements?

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xvi. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

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xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure

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xviii. How well is the tool/measure working?

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**7. REPORTING MECHANISM FOR NON-TARIFF BARRIERS (NTBS) AND NON-TARIFF MEASURES (NTMS) UNDER COMESA-EAC-SADC – TRADEBARRIERS.ORG [target respondents: Importers, Exporters, Transporters, Insurance firms]**

i. Have you ever heard of radebarriers.org?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about Tradebarriers.org?

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iii. How did you know about this tool/measure?

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iv. Before the establishment of Tradebarriers.org in SADC and COMESA were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the establishment of Tradebarriers.org in SADC and COMESA, were you individually or through your representative body or agents

consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the establishment of Tradebarriers.org in SADC, and COMESA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the establishment of Tradebarriers.org in SADC and COMESA has brought to international trade and your business?

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viii. Since establishment of Tradebarriers.org in SADC and COMESA, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the establishment of Tradebarriers.org in SADC and COMESA and its functions could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of Tradebarriers.org in SADC and COMESA, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of Tradebarriers.org?

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xiv. How well is the tool/measure working?

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**8. COMESA REGIONAL CUSTOMS BOND GUARANTEE (RCTG) SCHEME (RCTG CARNET) [target respondents: Importers, Exporters and Customs Clearing Agents]**

**Explanation**

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*

- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

i. Have you ever heard of the Regional Customs Transit Bond)?

Yes    No   Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the Regional Customs Transit Bond?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No   Prefer not to Answer

v. After the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted to

appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Regional Customs Transit Bond a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Regional Customs Transit Bond has brought to international trade and your business?

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viii. Since the introduction of the use of Regional Customs Transit Bond, have you faced any challenges when trading within the COMESA region?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the Regional Customs Transit Bond and its use/management could be improved?



Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the Regional Customs Transit Bond, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Regional Customs Transit Bond?

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xiv. What happens when a Trader (from a COMESA member state) enters the Malawian border with goods in transit to another country?

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xv. Who checks the customs bond and what are the customs bond requirements?

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xvi. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

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xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

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xviii. How well is the tool/measure working?

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**9. PRECLEARANCE SYSTEM UNDER COMESA AND SADC [target respondents: importers, exporters and customs clearing agents]**

i. Have you ever heard of the pre-clearance of exports and imports system?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the pre-clearance of exports and imports system?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of the pre-clearance of exports and imports system by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of the pre-clearance of exports and imports system in MRA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of the pre-clearance of exports and imports system by MRA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of the pre-clearance of exports and imports system has brought to international trade and your business?

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viii. Since the introduction of the use of the pre-clearance of exports and imports system by MRA, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the pre-clearance of exports and imports system and its use/management could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the pre-clearance of exports and imports system, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the pre-clearance of exports and imports system?

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xiv. How well is the tool/measure working?

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**10.COMESA SIMPLIFIED TRADE REGIME [target respondents: STR Traders]**

**Explanation**

- ✓ *Traders with proper documentation enjoy duty free status on goods worth \$1, 000 under the Simplified Trade Regime.*
- ✓ *Means of facilitating and formalising small-scale trade between the two countries.*
- ✓ *Qualifying goods worth US\$ 1, 000 or below will be allowed to pass border points duty free and traders will not be asked to provide*

*certificates of origin of their goods as long as they are agreed on the Common List of Products between the two countries.*

- ✓ *The goods should be listed on the agreed COMESA STR Common List and should be for re-sale or use in the business.*
- ✓ *Trader will complete a simplified Customs Document (declaration form) and a simplified COMESA Certificate of Origin.*
- ✓ *These documents are filled in at the border post by the trader and are stamped and certified by a customs official*

i. Have you ever heard of the Simplified Trade Regime (STR)?

Yes    No    Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the STR?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of STR in COMESA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No    Prefer not to Answer

v. After the introduction of STR in COMESA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of STR system in COMESA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of STR system in COMESA has brought to international trade and your business?

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viii. Since the introduction of the use of STR system in COMESA, have you faced any challenges when trading within the COMESA region?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the STR system in COMESA and its use/management could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the STR system in COMESA, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the STR system in COMESA?

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xiv. Who monitors effectiveness and efficiency of the STR?

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xv. What happens to a member state who decides not to implement this measure or who decides not to use STR within its own territory?

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xvi. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

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xvii. Are there specific forms for STR traders?

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xviii. Are there charges for the forms?

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xix. Where are forms obtained?

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xx. Who are the Authorized signatories for these forms?

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xxi. How well is the tool/measure working?

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**11.COMESA YELLOW CARD [target respondents: Transporters, Exporters and Importers, Insurance firms and customs clearing agents]**

**Explanation**

- ✓ *Enables trans-boundary motorist to use only one insurance cover which is valid in all countries participating in the scheme*
- ✓ *Bought from an insurance company and specify the countries a transporter is going*

i. Have you ever heard of the COMESA Yellow Card Initiative (Single Motor Vehicle Insurance System)?

Yes    No   Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the Single Motor Vehicle Insurance?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of Single Motor Vehicle Insurance system in COMESA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of Single Motor Vehicle Insurance system in COMESA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Single Motor Vehicle Insurance system in COMESA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Single Motor Vehicle Insurance system in COMESA has brought to international trade and your business?

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viii. Since the introduction of the use of Single Motor Vehicle Insurance system in COMESA, have you faced any challenges when trading within the SADC and COMESA?

Yes    No   Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how the Single Motor Vehicle Insurance system in COMESA and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the Single Motor Vehicle Insurance system, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Single Motor Vehicle Insurance system?

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xiv. What happens when a Transporter/motorist (from a COMESA member state) enters the border?

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xv. Who checks the insurance and what are the insurance requirements?

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xvi. What happens to a member state who decides not to implement this measure or who decides to charge its own insurance within its own territory?

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xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

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xviii. How well is the tool/measure working?

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**12.COMESA VIRTUAL TRADE FACILITATION SYSTEM (CVTFS) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Integrates all trade facilitation instruments, including the Yellow Card and the CARNET under one online platform*
- ✓ *System provides real time information on the location of goods and means of transport and integrates all customs and trade related documentation under a single sign on*
- ✓ *Allows customs authorities to pre-clear cargo*

- ✓ *Allows freight forwarders and transport operators to efficiently manage the logistic supply chain*
- ✓ *Enables the industry to eliminate forgeries of Yellow Cards and minimize the fraudulent insurance claims of goods that have hither to been paid under the guise that they either have been lost in transit or destroyed in accidents.*
- ✓ *Reduces diversion of goods in transit*
- ✓ *Reduces delayed clearance at the borders*
- ✓ *Reduces long transit and release times, goods pilferage and high operating costs in trucking.*
- ✓ *The system is used by customs authorities, freight forwarders, insurance companies, banks, port authorities, container freight stations and traders.*

i. Have you ever heard of COMESA Virtual Trade Facilitation System (Transport Chain Management System)?

Yes    No   Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about CVTFS?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of CVTFS, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of CVTFS, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the CVTFS a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of CVTFS has brought to international trade and your business?

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viii. Since the introduction of CVTFS, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how CVTFS and its use/management could be improved?

Yes    No    Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of CVTFS, has your profitability improved?

Yes    No    Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of CVTFS?

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xiv. Who monitors effectiveness and efficiency of the CVTFS system?

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xv. What happens to a member state who decides not to implement this measure or who decides not to use CVTFS system within its own territory?

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xvi. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

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xvii. How well is the tool/measure working?

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xviii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

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**13. OTHER TRADE FACILITATION OPPORTUNITIES AND CHALLENGES BEING FACED BY THE PRIVATE SECTOR WHEN TRADING WITHIN SADC AND COMESA MEMBER STATES**

- i. Are there any trade facilitation benefits or opportunities that you face when trading in the SADC and COMESA region?

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- ii. What would you say are problems or challenges affecting the private sector's chances of benefiting from Trade Facilitation within SADC and COMESA region?

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- iii. What would you suggest are the ways of improving the success, effectiveness and efficiency Trade Facilitation within SADC and COMESA region?

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***[END OF QUESTIONNAIRE]***

Thank you for your valuable contributions to this study

## **8.6 APPENDIX 6: PRIMARY PARTICIPANTS INTERVIEW QUESTIONS**

### **OBTAINING AN UNDERSTANDING OF THE TRADE FACILITATION TOOLS/MEASURES BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

Good day! My name is **Chifundo Biliwita**. I am conducting a study on the **Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments Being Implemented in SADC and COMESA-A Case of Malawi**.

Your company was selected because in the year, 2013 you were directly involved in cross border trade between Malawi and other SADC and COMESA member states. I will be asking you questions about various trade facilitation tools/measures that have been implemented in the SADC and COMESA trade blocs and will seek your honest and real perspectives on the experiences and realities that you face when using these measures.

Information collected in this study will be used strictly for educational purposes. Neither your names nor the name of your company will be mentioned or included in the dataset or in any report emanating from this study unless prior consent is obtained from you.

You have the right to answer or not to answer any of the questions set out in this study.

At this point, do you have any questions about the study? Do I have your agreement to proceed?

### **TRADE FACILITATION TOOLS BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

#### **1. USE OF HARMONISED CUSTOMS PROCEDURES AND CUSTOMS CLASSIFICATION (SADC) [Customs Clearing Agents]**

- i. How well is the tool/measure working?  
.....  
.....
- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?  
.....  
.....

**2. USE OF REVENUE AUTHORITY DIGITAL DATA EXCHANGE (RADDEx) [SADC – MALAWI AND TANZANIA] [target respondents: Customs Clearing Agents, Importers and Exporters]**

- i. Have you ever heard of the RADDEx?  
Yes    No   Prefer not to Answer
- ii. If your answer to question 1 above is yes, please explain what you know about RADDEx?  
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.....
- iii. How did you know about this tool/measure?  
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.....
- iv. Before the introduction of RADDEx System by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?  
Yes    No   Prefer not to Answer
- v. After the introduction of the RADDEx in MRA, were you individually or through your representative body or agents consulted to appreciate the

realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of the RADDEx by MRA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of the RADDEx System has brought to international trade and your business?

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viii. Since the introduction of the use of the RADDEx System by MRA, have you faced any challenges when trading within the SADC?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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.....

x. Do you have any suggestions on how the RADDEx Systems and its use/management could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

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xii. Since the introduction of the RADDEx Systems, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the RADDEx Systems?

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xiv. How well is the tool/measure working?

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**3. USE OF AUTOMATED SYSTEM ON CUSTOMS DATA (ASYCUDA)  
[Applicable to both COMESA AND SADC] [target respondents:  
Importers, Exporters, Transporters, Customs Clearing Agents]**

i. Have you ever heard of ASYCUDA?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about ASYCUDA?

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iii. How did you know about this tool/measure?

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iv. Before the introduction of ASYCUDA System by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of ASYCUDA in MRA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of ASYCUDA by MRA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of ASYCUDA System has brought to international trade and your business?

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.....  
.....

viii. Since the introduction of the use of ASYCUDA System by MRA, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer



ix. If your answer to question 7 above is yes, please explain?

.....  
.....

x. Do you have any suggestions on how ASYCUDA system and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of ASYCUDA system, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of ASYCUDA system?

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xiv. How well is the tool/measure working?

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**4. SINGLE ADMINISTRATIVE DOCUMENT (SAD) AND UNIFORM CUSTOMS DOCUMENTATION (FORM 12) (SADC AND COMESA) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

i. Have you ever heard of a single customs administrative document (MRA Form 12)?

Yes  No  Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about Form 12?

.....  
.....

iii. How did you know about this tool/measure?

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.....

iv. Before the introduction of Form 12, were you individually or through your representative body or agents consulted for your inputs on the design of the form?

Yes  No  Prefer not to Answer

v. After the introduction of Form 12, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using this Form 12? Is there any feedback mechanism?

Yes  No  Prefer not to Answer

vi. Compared to the previous import and export documentation requirements, where you were expected to complete different documentation for exports (Form 34) and imports (Form 21), would you

say the introduction of a combined Form 12 which captures data for both imports and exports is a good trade facilitation tool?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Form 12 has brought to international trade?

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.....

viii. Since the introduction of Form 12, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

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x. Do you have any suggestions on how Form 12 and its use could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....

xii. Since the introduction of Form 12, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of Form 12?

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xiv. How well is the tool/measure working?

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**5. RULES OF ORIGIN CERTIFICATES FOR SADC AND COMESA [target respondents: Customs Clearing agents, importers and exporters]**

i. Which rules are easy to be applied or implemented by customs officials and traders?

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.....

ii. Please provide the justification for your answer above?

.....  
.....

iii. Which rules are good for Malawian industries/traders?

.....  
.....

iv. Please provide the justification for your answer above?

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.....

**COMESA CERTIFICATE**

i. Are there charges for the certificate and how much are the charges?

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.....

ii. Where are the certificates issued/obtained?

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iii. Who are the authorized signatories?

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**SADC CERTIFICATE**

i. Are there charges for the certificate and how much are the charges?

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ii. Where are the certificates issued/obtained?

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iii. Who are the authorized signatories?

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**Evaluation of the tool/measure**

i. How well is the tool/measure working?

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- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

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**6. SADC REGIONAL CUSTOMS BOND [target respondents: Importers, exporters, insurance firms, customs agents]**

**Explanation**

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*
- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

- i. Have you ever heard of the Regional Customs Transit Bond)?

Yes    No   Prefer not to Answer

- ii. If your answer to question 1 above is yes, please explain what you know about the Regional Customs Transit Bond?

.....  
.....

- iii. How did you know about this tool/measure?

.....  
.....

iv. Before the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Regional Customs Transit Bond a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Regional Customs Transit Bond has brought to international trade and your business?

.....  
.....

viii. Since the introduction of the use of Regional Customs Transit Bond, have you faced any challenges when trading within the SADC region?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....

x. Do you have any suggestions on how the Regional Customs Transit Bond and its use/management could be improved?

Yes  No  Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of the Regional Customs Transit Bond, has your profitability improved?

Yes  No  Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Regional Customs Transit Bond?

.....  
.....

xiv. What happens when a Trader (from a SADC member state) enters the Malawian border with goods in transit to another country?

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.....  
.....

xv. Who checks the customs bond and what are the customs bond requirements?

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.....



xvi. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

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.....  
.....

xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure

.....  
.....

xviii. How well is the tool/measure working?

.....  
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**7. REPORTING MECHANISM FOR NON-TARIFF BARRIERS (NTBS) AND NON-TARIFF MEASURES (NTMS) UNDER COMESA-EAC-SADC – TRADEBARRIERS.ORG [target respondents: Importers, Exporters, Transporters, Insurance firms]**

i. Have you ever heard of radebarriers.org?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about Tradebarriers.org?

.....  
.....  
.....

iii. How did you know about this tool/measure?

.....  
.....

iv. Before the establishment of Tradebarriers.org in SADC and COMESA were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the establishment of Tradebarriers.org in SADC and COMESA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the establishment of Tradebarriers.org in SADC, and COMESA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the establishment of Tradebarriers.org in SADC and COMESA has brought to international trade and your business?

.....  
.....

viii. Since establishment of Tradebarriers.org in SADC and COMESA, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....  
.....  
.....

x. Do you have any suggestions on how the establishment of Tradebarriers.org in SADC and COMESA and its functions could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....  
.....  
.....

xii. Since the introduction of Tradebarriers.org in SADC and COMESA, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of Tradebarriers.org?

.....  
.....

xiv. How well is the tool/measure working?

.....  
.....

**8. COMESA REGIONAL CUSTOMS BOND GUARANTEE (RCTG) SCHEME (RCTG CARNET) [target respondents: Importers, Exporters and Customs Clearing Agents]**

## Explanation

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*
- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

i. Have you ever heard of the Regional Customs Transit Bond)?

Yes    No    Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the Regional Customs Transit Bond?

.....  
.....  
.....  
.....

iii. How did you know about this tool/measure?

.....  
.....

iv. Before the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No    Prefer not to Answer

v. After the introduction of Regional Customs Transit Bond, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Regional Customs Transit Bond a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Regional Customs Transit Bond has brought to international trade and your business?

.....  
.....  
.....  
.....

viii. Since the introduction of the use of Regional Customs Transit Bond, have you faced any challenges when trading within the COMESA region?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....  
.....  
.....  
.....

x. Do you have any suggestions on how the Regional Customs Transit Bond and its use/management could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of the Regional Customs Transit Bond, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Regional Customs Transit Bond?

.....  
.....  
.....  
....

xiv. What happens when a Trader (from a COMESA member state) enters the Malawian border with goods in transit to another country?

.....  
.....  
.....

xv. Who checks the customs bond and what are the customs bond requirements?

.....  
.....

xvi. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

.....  
.....

xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

.....  
.....  
.....

xviii. How well is the tool/measure working?

.....  
.....

**9. PRECLEARANCE SYSTEM UNDER COMESA AND SADC [target respondents: importers, exporters and customs clearing agents]**

i. Have you ever heard of the pre-clearance of exports and imports system?

Yes  No Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the pre-clearance of exports and imports system?

.....  
.....

iii. How did you know about this tool/measure?

.....  
.....

.....  
....

iv. Before the introduction of the pre-clearance of exports and imports system by MRA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of the pre-clearance of exports and imports system in MRA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of the pre-clearance of exports and imports system by MRA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of the pre-clearance of exports and imports system has brought to international trade and your business?

.....  
.....

viii. Since the introduction of the use of the pre-clearance of exports and imports system by MRA, have you faced any challenges when trading within the SADC and COMESA?

Yes  No Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?



.....  
.....

x. Do you have any suggestions on how the pre-clearance of exports and imports system and its use/management could be improved?

Yes  No Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of the pre-clearance of exports and imports system, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the pre-clearance of exports and imports system?

.....  
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.....  
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xiv. How well is the tool/measure working?

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**10.COMESA SIMPLIFIED TRADE REGIME [target respondents: STR Traders]**

**Explanation**

- ✓ *Traders with proper documentation enjoy duty free status on goods worth \$1, 000 under the Simplified Trade Regime.*
- ✓ *Means of facilitating and formalising small-scale trade between the two countries.*
- ✓ *Qualifying goods worth US\$ 1, 000 or below will be allowed to pass border points duty free and traders will not be asked to provide certificates of origin of their goods as long as they are agreed on the Common List of Products between the two countries.*
- ✓ *The goods should be listed on the agreed COMESA STR Common List and should be for re-sale or use in the business.*
- ✓ *Trader will complete a simplified Customs Document (declaration form) and a simplified COMESA Certificate of Origin.*
- ✓ *These documents are filled in at the border post by the trader and are stamped and certified by a customs official*

i. Have you ever heard of the Simplified Trade Regime (STR)?

Yes    No    Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the STR?

.....  
 .....

iii. How did you know about this tool/measure?

.....  
 .....

iv. Before the introduction of STR in COMESA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No   Prefer not to Answer

v. After the introduction of STR in COMESA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes    No   Prefer not to Answer

vi. Is the use of STR system in COMESA a good trade facilitation tool/measure?

Yes    No   Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of STR system in COMESA has brought to international trade and your business?

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.....  
.....

viii. Since the introduction of the use of STR system in COMESA, have you faced any challenges when trading within the COMESA region?

Yes    No   Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....

x. Do you have any suggestions on how the STR system in COMESA and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of the STR system in COMESA, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the STR system in COMESA?

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.....

xiv. Who monitors effectiveness and efficiency of the STR?

.....  
.....  
.....

xv. What happens to a member state who decides not to implement this measure or who decides not to use STR within its own territory?

.....  
.....

xvi. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

.....  
.....

xvii. Are there specific forms for STR traders?

.....  
.....

xviii. Are there charges for the forms?

.....  
.....

xix. Where are forms obtained?

.....  
.....

xx. Who are the Authorized signatories for these forms?

.....  
.....

xxi. How well is the tool/measure working?

.....  
.....

**11.COMESA YELLOW CARD [target respondents: Transporters, Exporters and Importers, Insurance firms and customs clearing agents]**

**Explanation**

✓ *Enables trans-boundary motorist to use only one insurance cover which is valid in all countries participating in the scheme*

✓ *Bought from an insurance company and specify the countries a transporter is going*

i. Have you ever heard of the COMESA Yellow Card Initiative (Single Motor Vehicle Insurance System)?

Yes    No   Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about the Single Motor Vehicle Insurance?

.....  
.....  
.....

iii. How did you know about this tool/measure?

.....  
.....

iv. Before the introduction of Single Motor Vehicle Insurance system in COMESA, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes  No Prefer not to Answer

v. After the introduction of Single Motor Vehicle Insurance system in COMESA, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes  No Prefer not to Answer

vi. Is the use of Single Motor Vehicle Insurance system in COMESA a good trade facilitation tool/measure?

Yes  No Prefer not to Answer

vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of Single Motor Vehicle Insurance system in COMESA has brought to international trade and your business?

.....  
.....

viii. Since the introduction of the use of Single Motor Vehicle Insurance system in COMESA, have you faced any challenges when trading within the SADC and COMESA?

Yes    No   Prefer not to Answer

ix. If your answer to question 7 above is yes, please explain?

.....  
.....

x. Do you have any suggestions on how the Single Motor Vehicle Insurance system in COMESA and its use/management could be improved?

Yes    No   Prefer not to Answer

xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of the Single Motor Vehicle Insurance system, has your profitability improved?

Yes    No   Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of the Single Motor Vehicle Insurance system?

.....  
.....

xiv. What happens when a Transporter/motorist (from a COMESA member state) enters the border?

.....  
.....

xv. Who checks the insurance and what are the insurance requirements?

.....  
.....

xvi. What happens to a member state who decides not to implement this measure or who decides to charge its own insurance within its own territory?

.....  
.....

xvii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

.....  
.....

xviii. How well is the tool/measure working?

.....  
.....

**12.COMESA VIRTUAL TRADE FACILITATION SYSTEM (CVTFS) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Integrates all trade facilitation instruments, including the Yellow Card and the CARNET under one online platform*
- ✓ *System provides real time information on the location of goods and means of transport and integrates all customs and trade related documentation under a single sign on*
- ✓ *Allows customs authorities to pre-clear cargo*



- ✓ *Allows freight forwarders and transport operators to efficiently manage the logistic supply chain*
- ✓ *Enables the industry to eliminate forgeries of Yellow Cards and minimize the fraudulent insurance claims of goods that have hither to been paid under the guise that they either have been lost in transit or destroyed in accidents.*
- ✓ *Reduces diversion of goods in transit*
- ✓ *Reduces delayed clearance at the borders*
- ✓ *Reduces long transit and release times, goods pilferage and high operating costs in trucking.*
- ✓ *The system is used by customs authorities, freight forwarders, insurance companies, banks, port authorities, container freight stations and traders.*

i. Have you ever heard of COMESA Virtual Trade Facilitation System (Transport Chain Management System)?

Yes    No    Prefer not to Answer

ii. If your answer to question 1 above is yes, please explain what you know about CVTFS?

.....  
 .....

iii. How did you know about this tool/measure?

.....  
 .....

iv. Before the introduction of CVTFS, were you individually or through your representative body or agents consulted for your inputs on the design and implementation of this system?

Yes    No   Prefer not to Answer

- v. After the introduction of CVTFS, were you individually or through your representative body or agents consulted to appreciate the realities of the experiences that you face when using system? Is there any feedback mechanism?

Yes    No   Prefer not to Answer

- vi. Is the CVTFS a good trade facilitation tool/measure?

Yes    No   Prefer not to Answer

- vii. If your answer in question 5 above is yes, what can you say are the benefits that the use of CVTFS has brought to international trade and your business?

.....  
.....

- viii. Since the introduction of CVTFS, have you faced any challenges when trading within the SADC and COMESA?

Yes    No   Prefer not to Answer

- ix. If your answer to question 7 above is yes, please explain?

.....  
.....

- x. Do you have any suggestions on how CVTFS and its use/management could be improved?

Yes    No   Prefer not to Answer

- xi. If your answer to question 9 above is yes, please explain?

.....  
.....

xii. Since the introduction of CVTFS, has your profitability improved?

Yes  No Prefer not to Answer

xiii. If your answer to question 11 above is yes, please explain and could you attribute the profits to the introduction of CVTFS?

.....  
.....

xiv. Who monitors effectiveness and efficiency of the CVTFS system?

.....  
.....

xv. What happens to a member state who decides not to implement this measure or who decides not to use CVTFS system within its own territory?

.....  
.....

xvi. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

.....  
.....

xvii. How well is the tool/measure working?

.....  
.....

xviii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

.....  
.....

**13. OTHER TRADE FACILITATION OPPORTUNITIES AND CHALLENGES BEING FACED BY THE PRIVATE SECTOR WHEN TRADING WITHIN SADC AND COMESA MEMBER STATES**

i. Are there any trade facilitation benefits or opportunities that you face when trading in the SADC and COMESA region?

.....  
.....

ii. What would you say are problems or challenges affecting the private sector's chances of benefiting from Trade Facilitation within SADC and COMESA region?

.....  
.....

iii. What would you suggest are the ways of improving the success, effectiveness and efficiency Trade Facilitation within SADC and COMESA region?

.....  
.....

***[END OF QUESTIONNAIRE]***

Thank you for your valuable contributions to this study

CHIFUNDO BILIWITA

**8.7 APPENDIX 7 : SECONDARY PARTICIPANTS QUESTIONNAIRE**

## **OBTAINING AN UNDERSTANDING OF THE TRADE FACILITATION TOOLS/MEASURES BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

Good day! My name is **Chifundo Biliwita**. I am conducting a study on the **Perspectives from the Private Sector on the Trade Facilitation Tools and Instruments Being Implemented in SADC and COMESA-A Case of Malawi**.

I have selected you as a respondent to this questionnaire because you are directly involved in the assessment/ design/implementation/usage/monitoring of the various Trade Facilitation tools/ measures which are the subject of this study.

Information collected in this study will be used strictly for educational purposes. Neither your names nor the name of your company will be mentioned or included in the dataset or in any report emanating from this study unless prior consent is obtained from you.

You have the right to answer or not to answer any of the questions set out in this study.

At this point, do you have any questions about the study? Do I have your agreement to proceed?

### **TRADE FACILITATION TOOLS BEING IMPLEMENTED BY MALAWI UNDER SADC AND COMESA TRADE BLOCS**

- 1. USE OF HARMONISED CUSTOMS PROCEDURES AND CUSTOMS CLASSIFICATION (SADC) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

#### **Evaluation of the tool/measure**

- iii. How well is the tool/measure working?

#### ***Responses***

.....  
.....

- iv. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**2. USE OF REVENUE AUTHORITY DIGITAL DATA EXCHANGE (RADDEx)  
[SADC – MALAWI AND TANZANIA] [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**3. USE OF AUTOMATED SYSTEM ON CUSTOMS DATA (ASYCUDA)  
[Applicable to both COMESA AND SADC] [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**4. SINGLE ADMINISTRATIVE DOCUMENT (SAD) AND UNIFORM CUSTOMS DOCUMENTATION (FORM 12) (SADC AND COMESA) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**5. RULES OF ORIGIN CERTIFICATES FOR SADC AND COMESA [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

- v. Which rules are easy to be applied or implemented by customs officials and traders?

***Responses***

.....  
.....

- vi. Please provide the justification for your answer above?

***Responses***

.....  
.....  
.....

- vii. Which rules are good for Malawian industries/traders?

***Responses***

.....  
.....

- viii. Please provide the justification for your answer above?

***Responses***

.....  
.....

**COMESA CERTIFICATE**

- iv. Are there charges for the certificate and how much are the charges?

***Responses***



.....  
.....

v. Where are the certificates issued/obtained?

***Responses***

.....

vi. Who are the authorized signatories?

***Responses***

.....  
.....

**SADC CERTIFICATE**

iv. Are there charges for the certificate and how much are the charges?

***Responses***

.....  
.....

v. Where are the certificates issued/obtained?

***Responses***

.....  
.....

vi. Who are the authorized signatories?

***Responses***

.....  
.....

**Evaluation of the tool/measure**

iii. How well is the tool/measure working?

**Responses**

.....  
.....

iv. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

**Responses**

.....  
.....

**6. SADC REGIONAL CUSTOMS BOND [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*
- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

**How does it work?**

i. What happens when a Trader (from a SADC member state) enters the Malawian border with goods in transit to another country?

**Responses**

.....  
.....

- ii. Who checks the customs bond and what are the customs bond requirements?

***Responses***

.....  
.....

**Enforcement and Monitoring Measures**

- i. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

***Responses***

.....  
.....

- ii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure

***Responses***

.....  
.....

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**7. REPORTING MECHANISM FOR NON-TARIFF BARRIERS (NTBS) AND NON-TARIFF MEASURES (NTMS) UNDER COMESA-EAC-SADC [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
.....

**8. PRECLEARANCE SYSTEM UNDER COMESA AND SADC [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

**Responses**

.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

**Responses**

.....  
.....

**9. COMESA REGIONAL CUSTOMS BOND GUARANTEE (RCTG) SCHEME (RCTG CARNET) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Provides one regional bond for transit goods to replace multiple national bonds for each country of transit*
- ✓ *Customs documents meant for goods in one country through another country are recognized and accepted in each country of transit*
- ✓ *Bond offered by agent for the goods in transit in case of loss of goods*
- ✓ *Paperwork and security for the goods is recognized and accepted in each country of transit*
- ✓ *Surety provided by banks and insurance (security)*

**How does it work?**

- i. What happens when a Trader (from a COMESA member state) enters the Malawian border with goods in transit to another country?

**Responses**

.....  
.....

- ii. Who checks the customs bond and what are the customs bond requirements?

***Responses***

.....  
.....

**Enforcement and Monitoring Measures**

- i. What happens to a member state who decides not to implement this measure or who decides to demand its own customs bond within its own territory?

***Responses***

.....  
.....

- ii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

***Responses***

.....  
.....

**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

.....  
.....  
.....

- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

**Responses**

.....  
.....

**10.COMESA SIMPLIFIED TRADE REGIME [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Traders with proper documentation enjoy duty free status on goods worth \$1, 000 under the Simplified Trade Regime.*
- ✓ *Means of facilitating and formalising small-scale trade between the two countries.*
- ✓ *Qualifying goods worth US\$ 1, 000 or below will be allowed to pass border points duty free and traders will not be asked to provide certificates of origin of their goods as long as they are agreed on the Common List of Products between the two countries.*
- ✓ *The goods should be listed on the agreed COMESA STR Common List and should be for re-sale or use in the business.*
- ✓ *Trader will complete a simplified Customs Document (declaration form) and a simplified COMESA Certificate of Origin.*
- ✓ *These documents are filled in at the border post by the trader and are stamped and certified by a customs official*

**How does it work?**

- i. How does the STR work?

**Responses**

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- ii. Who monitors effectiveness and efficiency of the STR?

***Responses***

.....  
.....

**Enforcement and Monitoring Measures**

- i. What happens to a member state who decides not to implement this measure or who decides not to use STR within its own territory?

***Responses***

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.....

- ii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

***Responses***

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.....

**Other Issues**

- i. Are there specific forms for STR traders?

***Responses***

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.....

- ii. Are there charges for the forms?

***Responses***



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iii. Where are forms obtained?

***Responses***

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.....

iv. Who are the Authorized signatories for these forms?

***Responses***

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.....

**Evaluation of the tool/measure**

i. How well is the tool/measure working?

***Responses***

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.....  
.....

ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

.....  
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**11.COMESA YELLOW CARD [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Enables trans-boundary motorist to use only one insurance cover which is valid in all countries participating in the scheme*
- ✓ *Bought from an insurance company and specify the countries a transporter is going*

**How does it work?**

- iii. What happens when a Transporter/motorist (from a COMESA member state) enters the border?

***Responses***

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 .....

- iv. Who checks the insurance and what are the insurance requirements?

***Responses***

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 .....

**Enforcement and Monitoring Measures**

- i. What happens to a member state who decides not to implement this measure or who decides to charge its own insurance within its own territory?

***Responses***

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 .....

- ii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

***Responses***

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**Evaluation of the tool/measure**

iii. How well is the tool/measure working?

**Responses**

.....  
.....

iv. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

**Responses**

.....  
.....

**12. COMESA VIRTUAL TRADE FACILITATION SYSTEM (CVTFS) [target respondents: Malawi Revenue Authority officials, Ministry of Trade and Industry officials and Malawi Investment and Trade Centre officials]**

**Explanation**

- ✓ *Integrates all trade facilitation instruments, including the Yellow Card and the CARNET under one online platform*
- ✓ *System provides real time information on the location of goods and means of transport and integrates all customs and trade related documentation under a single sign on*
- ✓ *Allows customs authorities to pre-clear cargo*
- ✓ *Allows freight forwarders and transport operators to efficiently manage the logistic supply chain*

- ✓ *Enables the industry to eliminate forgeries of Yellow Cards and minimize the fraudulent insurance claims of goods that have hitherto been paid under the guise that they either have been lost in transit or destroyed in accidents.*
- ✓ *Reduces diversion of goods in transit*
- ✓ *Reduces delayed clearance at the borders*
- ✓ *Reduces long transit and release times, goods pilferage and high operating costs in trucking.*
- ✓ *The system is used by customs authorities, freight forwarders, insurance companies, banks, port authorities, container freight stations and traders.*

**How does it work?**

xix. How does the CVTFS work?

**Responses**

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 .....

xx. Who monitors effectiveness and efficiency of the CVTFS system?

**Responses**

.....  
 .....

**Enforcement and Monitoring Measures**

i. What happens to a member state who decides not to implement this measure or who decides not to use CVTFS system within its own territory?

**Responses**

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- ii. How are traders protected by any acts of the member states contrary to the requirements of this scheme/measure?

***Responses***

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**Evaluation of the tool/measure**

- i. How well is the tool/measure working?

***Responses***

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- ii. What would you suggest are the ways of improving the success, effectiveness and efficiency of the tool/measure?

***Responses***

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***[END OF QUESTIONNAIRE]***

Thank you for your valuable contributions to this study

CHIFUNDO BILIWITA