

PARLIAMENTARY PRESENTATION

SUBMISSION TO THE PARLIAMENTARY COMMITTEE ON TRANSPORT, WORKS AND SUPPLY

**CONSIDERATION OF THE WAVIS BAY-NDOLA-
LUBUMBASHI DEVELOPMENT CORRIDOR AND THE LOBITO
CORRIDOR TRANSIT TRANSPORTATION FACILITATION
AGREEMENTS
NOVEMBER, 2023**

PMRC was requested by the Committee on Transport, Works and Supply to submit a written memorandum sharing views on the ramifications of the Wavis Bay-Ndola-Lubumbashi Development Corridor and The Lobito Corridor Transit Transportation Facilitation Agreements. Having reviewed this document, we offer the following comments for your consideration:

The Walvis Bay – Ndola – Lubumbashi Development Corridor

The agreement has several important ramifications for Zambia including:

- 1. Transit Traffic:** Zambia's landlocked position is addressed through Article 6 allows for transit traffic through the territory of the other Parties. This is important for Zambia to access seaports for its imports and exports. It will ensure that goods passing through other countries' territories are not subject to undue delays or restrictions.
- 2. Facilitated Trade (Article 7):** The agreement promotes simplified customs procedures, reducing delays and costs for traders in Zambia. The agreement creates a framework for facilitating trade and transport through the Walvis Bay–Ndola–Lubumbashi Corridor. This is crucial for Zambia's economic development, as it provides efficient and cost-effective transportation routes for its goods to reach international markets. Easier access to international markets and reduced trade barriers can boost Zambian exports.
- 3. Mutual Recognition of Registration and Licensing:** Article 20 permits the use of means of transport registered in other Parties for interstate and transit traffic within Zambia. This harmonization of vehicle identification and marking system reduces administrative barriers and promotes efficient cross-border transportation.
- 4. Environmental Protection:** Article 35 highlights the importance of harmonizing and implementing measures to minimize environmental degradation arising from the corridor's use. This is essential for mitigating any potential environmental impact of increased transportation activities in the corridor. Commitments to minimize environmental degradation are important for Zambia as it seeks to maintain and protect its environment while expanding transportation infrastructure.
- 5. Infrastructure Development:** Article 37 encourages measures to enhance infrastructure development in the corridor. This is vital for Zambia's long-term economic growth as better infrastructure facilitates trade and transport. More specifically, Article 27 emphasizes the development of rail transport with private sector participation and seamless railway services. This is essential for Zambia's landlocked status and its reliance on rail transport for moving goods.

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- 6. Tariffs and Charges:** Article 38 and 39 ensure that charges imposed on services rendered are based on equal treatment. This provision is important for Zambia as it guarantees that charges for its goods and services within the corridor are consistent with domestic charges, preventing discrimination.
 - 7. Sovereignty and Compliance (Article 47):** The agreement acknowledges Zambia's right to fulfill its obligations under international conventions and to implement national measures necessary for public safety, national security, and public health. This upholds Zambia's sovereignty.

These ramifications illustrate the potential benefits for Zambia, such as improved transportation infrastructure, trade facilitation and environmental protection. However, successful implementation and effective utilization of the agreement will be key to realizing these benefits.

While the agreement provides a comprehensive framework for trade and transport cooperation in the Walvis Bay-Ndola-Lubumbashi Corridor, there are some areas that could benefit from further inclusion or elaboration. Here are some gaps or areas that could be considered for enhancement in the agreement:

- 1. Digital and Technological Integration:** The agreement does not address the use of modern technologies for customs clearance, tracking shipments, or facilitating digital payments. Given the importance of technology in trade and transportation, incorporating provisions related to the use of technology, such as digital customs processes, electronic tracking, and data exchange, could improve efficiency and reduce barriers.
- 2. Infrastructure Financing and Investment:** The agreement could be more specific about mechanisms for financing infrastructure development in the corridor. The agreement discusses infrastructure development but could provide more specific details on funding mechanisms and investment commitments. Clarifying how

investments will be mobilized and allocated among the Parties could further promote infrastructure enhancement and would be valuable for long-term corridor sustainability.

- 3. Environmental Sustainability and Climate Change:** Given the global focus on sustainability and climate change, the agreement does not explicitly address environmentally sustainable transportation and infrastructure development. While the agreement does mention environmental protection, more specific provisions on the enforcement of environmental standards and sustainable transport practices could be included to mitigate the potential environmental impact of increased transportation activities. Adding provisions in this regard would align with international trends.
- 4. Social and Labour Standards:** Addressing issues related to labour standards and working conditions for those employed in the transport sector would contribute to a more holistic approach, ensuring the well-being of those engaged in transportation activities. The agreement primarily focuses on trade and transport facilitation but doesn't explicitly address the welfare of workers in the transport sector or social considerations related to their rights, working conditions, and safety.
- 5. Emergency Response Mechanisms:** In the event of accidents, natural disasters, or other emergencies along the corridor, the agreement could include provisions for coordinated emergency response, ensuring the safety of people and the environment.
- 6. Involvement of Local Communities:** The agreement could elaborate on the involvement and consultation of local communities impacted by corridor development to ensure their interests and concerns are taken into account.
- 7. Role of the Private Sector:** The agreement could provide a clearer framework for the involvement of the private sector in the development and operation of the corridor. This would help leverage private sector

expertise and resources effectively.

The Lobito Corridor Transit Transport Facilitation Agency (LCTTFA) Agreement

Below are some of the most important ramifications of the agreement for Zambia, along with the corresponding sections/articles of the agreement where these ramifications are addressed:

- 1. Facilitated Trade:** This agreement aims to simplify and harmonize trade and transport documentation, align commodity codes, and reduce the number of documents required for traffic in transit (Article 9). For Zambia, this will lead to smoother trade operations and reduced administrative burdens, making it easier to conduct cross-border trade. It can also help reduce costs and delays associated with transit operations.
- 2. Facilitated Transit:** The agreement allows the use of means of transport registered in another Contracting Party for traffic in transit on its territory (Article 10). This facilitates the flow of goods through Zambia via the Lobito Corridor, as it permits the use of various modes of transport and encourages the participation of foreign transport companies in transit operations. Zambia can allow the use of means of transport registered in other Contracting Parties for traffic in transit on its territory, which can enhance transportation flexibility and efficiency.
- 3. Harmonization of Standards:** The Contracting Parties commit to harmonizing technical requirements for means of transport used in transit traffic, such as vehicle size, weight, and load standards (Article 10). This harmonization will help ensure the efficient movement of goods and vehicles on Zambian territory.
- 4. Equal Treatment:** The agreement mandates that Contracting Parties treat means of transport and nationals of other Contracting Parties equally in terms of services, charges, and financial obligations (Article 10). This ensures that Zambian nationals and transport companies receive fair treatment in other member states of the agreement.

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- 5. No Duties, Taxes, or Charges on Transit Traffic Article 12):** The agreement prohibits levying duties, taxes, or charges on transit traffic, except for certain specified administrative expenses and generally applicable charges. This provision can help reduce the financial burden on goods and passengers transiting through Zambia.
 - 6. Customs and Transit Facilitation:** The agreement covers customs and transit facilitation (Article 7) and also establishes Technical Committees to handle these aspects (Article 19). These provisions will lead to more efficient customs procedures in Zambia and at border crossings, reducing transit times

While the Lobito Corridor transit transport facilitation agreement covers many essential aspects of trade and transit in the region, there are some potential gaps or areas that may need further consideration or inclusion to enhance the agreement. Here are some areas that might be missing:

- 1. Environmental and Sustainability Provisions:** The agreement does not appear to include specific provisions related to environmental standards, sustainability, or eco-friendly transportation practices. Including provisions for environmentally friendly transportation, carbon emissions reduction, and the preservation of natural resources could be a valuable addition, especially given the growing global focus on sustainability and environmental protection.
- 2. Emergency Response and Contingency Planning:** The agreement does not seem to address emergency response plans for accidents, natural disasters, or other unforeseen events that could disrupt transit operations. The inclusion of such plans and contingencies could enhance the resilience of the corridor.
- 3. Infrastructure Development and Maintenance:** While the agreement mentions infrastructure (Article 19), more specific provisions related to the development, maintenance, and funding of the infrastructure along the corridor might be beneficial. This could include commitments to invest in infrastructure improvements and maintenance. Ensuring proper infrastructure is essential for efficient trade and transit.

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- 4. Performance Indicators and Reporting:** While there is mention of performance indicators in the context of the Permanent Secretariat (Article 21), the agreement might benefit from specific performance indicators and reporting requirements related to trade and transit facilitation, infrastructure development, and other key aspects.
 - 5. Coordination with Regional Bodies:** The agreement could include provisions for coordination with existing regional economic communities, such as the Southern African Development Community (SADC), to ensure alignment with broader regional development and trade goals.
 - 6. Corruption and Bribery:** Addressing issues related to corruption and bribery is crucial to ensure the integrity of transit operations. The agreement could include anti-corruption measures and mechanisms for reporting and addressing corrupt practices in cross-border trade.

These are potential areas that could enhance the comprehensiveness of the agreement and address emerging challenges in the realm of trade and transit facilitation in the Lobito Corridor. It's important for the Contracting Parties to consider these gaps and determine whether and how they should be addressed to maximize the benefits of the agreement.

Conclusion

The two Agreements offer substantial benefits for Zambia such as enhanced transportation infrastructure and efficient trade facilitation. They address key issues like transit traffic, trade facilitation, infrastructure development, environmental protection, and sovereignty. However, to fully realize these benefits, successful implementation and utilization are crucial.

Furthermore, it's essential to consider areas for improvement in both agreements. This includes incorporating digital and technological integration, specifying financing mechanisms, addressing environmental sustainability and climate change, focusing on social and labor standards, establishing emergency response mechanisms, involving local communities, and engaging the private sector effectively.

Ultimately, these Agreements are of paramount importance for Zambia's economic development and connectivity. They provide a framework for efficient trade and transportation, contributing to the country's growth, trade competitiveness and environmental sustainability. It is vital that Zambia and the involved parties address these areas of enhancement to ensure the Agreements meet the evolving needs of the region and maximize their potential benefits.

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