

International Trade and Trade Facilitation

Introduction

Lesotho is geographically surrounded by South Africa and economically integrated with it. Lesotho Loti is pegged at par with South African Rand under the Common monetary Area between Lesotho, South Africa, Namibia and Swaziland. The major economic sectors are manufacturing, mining, agriculture and services. Lesotho's exports composed of textiles and garments, diamonds, wool and mohair. Lesotho also exports water to South Africa.

As far as Lesotho is concerned, it should be appreciated that the country has only one neighbour as it is completely surrounded by the Republic of South Africa. All the programmes and projects made in the quest to improve transport will naturally be within the borders of Lesotho and for international trade, will to a large extent

Export Structure

The export sector is dominated by garments industry whose exports are mainly destined to United States under AGOA[¶]. Other exports go to African countries, especially South Africa, Lesotho diamonds are largely sold in Europe and other products are exported to countries where Lesotho enjoys free market access through preferential trade arrangements.[¶] According to NSDP, in order to further promote export-led growth there is a need for both product and market diversification and the government of Lesotho is committed to achieve this goal by carrying out specific actions as outlined in the NSDP.

Reforms Taken to Reduce Transport and Trade Costs

- During the APoA period the Single Administrative Document (SAD) was introduced in Lesotho (SACU) to respond to a call by international organizations for member countries to harmonize their border procedures including documents requirements.
- Lesotho also established One-Stop Business Facilitation Centre (OBFC) where functions such as export Visa, import and work permits, company registration, license etc. are found under one roof. Efforts are made to improve institutional capacity of this Centre and to roll-out the same service to other districts of the country.
- The government of Lesotho has embarked on border refurbishment project whose aim is to improve border infrastructure of all commercial borders so that these borders can handle ever increasing trade volumes and commercial traffic with abnormal heavy trucks passing across border posts such as Maseru bridge, Maputsoe bridge, Caledon's poort, Vanroyen's Gate and Qacha's Nek. The first two biggest border posts which are Maseru and Maputsoe Bridge have already been refurbished.
- Lesotho through the LRA has also launched the implementation of Customs Modernization Programme. Its main objective is to develop

effective trade management, revenue collection, border management and security through development and implementation of the following projects:

- Standard operating procedures
- Preferred trader scheme
- Trade portal
- Customs scanners – NII
- Customs automation – SYCUDA++

The main challenge that the country is faced with is that the LRA/SARS Cooperation Strategy has not delivered results so far and that has seen Lesotho export consignments in transit in South Africa are subjected to re-inspection. This comes with huge costs as storage fees are imposed on consignments upon inspection and transportation cost increase due to delays at South African borders. Consequently exporters are not able to meet their overseas orders and as a result orders are cancelled.

- Lesotho is a member of SACU and SADC and therefore adopts both SACU agreements and SADC Protocol on Trade which both call for non-discriminatory treatment of transit goods. For example, common transit document accords freedom of transit of vehicles from one member state across territories of other member states.
- Introduction of single administrative document (SAD) was the result of efforts by government of Lesotho to reduce excessive number of documents required to import/export goods into/out of the country.
- Lesotho through the LRA reviewed customs procedures and processes at the borders and the result was “development of Clearance of Goods Process”. New Standard Operating Procedures were also developed based on the principles of seamless flow commercial traffic at the borders and facilitation of legitimate cargo using Post Clearance Audit, Risk Management and Anti-smuggling control instruments.
- In an effort to promote use of ICT at borders, and through Customs Modernization Programme the LRA is in the process of implementing asycuda world at Lesotho borders. Non-Intrusive inspection techniques are being introduced through implementation of cargo and baggage scanning solution including establishment of inspection hub

LESOTHO' PROGRESS SO FAR:

In as far as trying to meet the objectives of the Programme of Action, Lesotho has so far done the following:

ROAD TRANSPORT: Road transport is the largest mode of transport as it accounts for more than 70% of transport needs in the country. Since the last report in 2008, the following happened;

1. **For the improvement of the safety of road transport and security of people along the corridors**, Lesotho established the Road Safety Department as well as a Road Safety Council.
2. Lesotho and South Africa have formed the Joint Committee to oversee the development of cross border transport within the parameters of the SADC Protocol on Transport as well as SACU Memorandum of Understanding.
3. A corridor that goes from Maseru district to Qachas Nek district in the South East of Lesotho is under construction, this is called Roma-Ramabanta- Semonkong-Sekake road. The two bridges at the confluence of Senqu and Senqunyane rivers along the corridor have been completed. These bridges were built with the financial assistance of the World Bank. Once completed, the corridor will cut the journey to Qachas Nek from Maseru the capital by approximately 150 kms thus saving on travel time and vehicle operating costs. Corridors between Lesotho and South Africa are being built albeit at a very sluggish pace. The Oxbow-Mokhotlong-Underberg route that connects passengers and traders on the Eastern side of both countries is under construction. South Africa provided funds in the amount of 40 million rand for the construction of this corridor, Lesotho on its part, provides approximately 800 million LsL. This route will not only provide access to the sea, Durban Port, but will also fuel tourist interest in the beautiful mountains that join the two countries. This will also ferry passengers to the skiing resort that has been developed by Lesotho. The Arab Bank for Development (BADEA) provided funds for the feasibility study for the corridor on the Lesotho side.
4. The corridors that link the Western and South Eastern parts of Lesotho has been developed by the Government of Lesotho (GOL) with the assistance of various development partners. The route is from Likalaneng (Where LHWP Mohale Dam is situated) to Thaba-Tseka was developed with the assistance of BADEA, Kuwait Fund and the African Development Bank.
5. South Africa has paved the road (corridor) from Qwaqwa to Mononts'a Border with Lesotho on the Northern part of Lesotho. The latter on its part is doing the design of the route that will connect Marakabei to Mononts'a. Lesotho is also making designs for the paving of the route from Alwyn's Skop to Teele Bridge that connects the District of Quthing to the Eastern Cape province of South Africa. Suffice to say that bridges at Teele and Makhalleng in the Southern part of Lesotho need to be redesigned to double carriageway.
6. In 2010, the Government of Lesotho established a semi-autonomous roads authority known as Roads Directorate. This institutional reform is geared towards improving efficiency in the financing and maintenance of roads in Lesotho.

RAIL TRANSPORT:It will be recalled that Lesotho has 2.5 kilometres of rail along the border with South Africa at Maseru West industrial area.

1. The Maseru Container Terminal (MASCON) that was once operated by the Transnet Freight Rail (TFR) for approximately 60 years is now under the management of Lesotho Government through the Ministry of Public Works and Transport (MOPWT). Transnet left in 2009 and since then until May 2013, MASCON was managed by the South African owned company called InfraDev. Now the terminal is under the direct management of the MOPWT. The envisaged assistance by the Millennium Challenge Account (MCA) of the United States of America did not happen and the terminal is yet to get funds to develop it into a dry port. However, the Government of Lesotho has made visible improvements with the purchase of two reach stackers that are instrumental in the loading and off-loading of the containers. The fencing of the perimeter area has been completed and other improvement are yet to take hold starting with studies, consultancies, and designs that will inform the shape and direction of the future of MASCON.
2. The envisaged rail link that will run through Lesotho from Maseru to RSA's Sea Ports of Durban and Port Elizabeth never happened. The Government of Lesotho is still seeking funds to mount the feasibility study for the project. Despite the fact that Transnet was initially interested in the rail concept, the new management that came around 2009, found it too cumbersome and there is no support for the rail link by Transnet anymore. This is despite this project being elevated to the status of the SADC Council of Ministers' level and SADC adopting it as one of the SADC projects.

AIR TRANSPORT:

Air transport in Lesotho has for a long time, played an important role in improving the lives of the rural poor through the Flying Doctor services, natural disaster management, most notably, snow. The Moshoeshoe 1 International Airport had been used extensively during the Apartheid era to try and circumvent the then Apartheid South Africa by ferrying South African freedom fighters to other safe havens in Africa through air.

Lesotho and the RSA signed the Search and Rescue Agreement that allows collaboration between the two countries during an unlikely air disaster over each other's territories.

The two countries have revised the aviation agreement and this will soon be signed by the Ministers of Transport of the two countries. The FIFA World Cup tournament that took place in 2010 in South Africa, did not result in improved tourist numbers for Lesotho, and whatever improvements were anticipated prior to the tournament did not happen, whether on the air services or elsewhere. Lesotho is however continuing with improvements on the Moshoeshoe I International Airport (MIA). Currently, a consultancy has been

commissioned by the MOPWT to look, assess and recommend on the possible long-term improvements of the airport and its viability within the SADC region.

CONCLUSION:

Despite these gallant efforts, Lesotho seeks the help of international community to overcome the effects of being landlocked. Funding for the development of corridors that link the country with its only neighbour and the rest of the world not only stimulates trade and prosperity but will accelerate the achievement of the Millennium Development Goals (MDGs).

Funding and capacity of the Government machinery has been a serious challenge that prevented the faster development of the country. Although the development partners did lend a helping hand, most development in infrastructure were and are still being made with the Government's money.

There remain major challenges apart from the glaring financial one. The Joint Bilateral Commission of Cooperation (JBCC) between Lesotho and South Africa has been renewed by the two countries in April 2013. What remains of concern is the commitment of the South African counterparts on the implementation of the JBCC Agreement.