

*REPUBLIC OF RWANDA*



THE PERMANENT MISSION OF RWANDA TO THE UNITED  
NATIONS

Trade Facilitation and Transit  
Transport

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**Thank you Moderator for giving me the floor.**

At the outset, let me take this opportunity afforded to me to thank the United Nations Office of the High Representative for LDCs, LLDCs and SIDS (UN-OHRLLS), The Delegation of the European Union to the United Nations and The United Nations Conference on Trade and Development (UNCTAD) for convening this preparatory side event to devise on Trade Facilitation and Transit Transport.

I would like in the same vein to express my sincere gratitude to our Ministry of Trade and Industry for entrusting me with the duty to represent it at this important forum to convey our best practices in that field.

It is a known fact that LLDCs are confronted with multifaceted challenges due to their multiple exceptionalities deriving from the lack of access to the seaport that would provide a vital link through road transport, thus fostering economic and social development. The lack of accessibility can reverse the trend of the economy and put extra burden on Land locked developing countries (LLDCs) preventing them from accessing the world market. Landlocked countries also face particular challenges in the areas of trade, logistics and transport that call for a holistic approach if we are to address their special needs. Providing trade facilities would therefore prevent them from redirecting to transport costs, funds that they would normally be devoted to development projects or to the pressing health as well as to poverty eradication. It is therefore an imperative to foster regional initiatives in the area of trade facilitation in order to eliminate transport bottlenecks.

Rwanda has identified constructive ways to reduce the average time taken to import or export goods both in transit countries and at port of entry by adopting an ambitious Trade Logistics and Distribution Services Strategy, which aims at

significantly reducing the heavy logistics and transport costs and at facilitating exports/re-exports in the region. In order to meet all its requirements in that field Rwanda is currently assessing/reviewing its trade facilitation implementation plan in line with the Bali Trade facilitation agreement for swift implementation per the schedules. In that respect, I am going to share with you our experience in that area of expertise.

**In the area of Trade Facilitation in Rwanda, allow me to point out that**

- Our LLDCs status calls for a lot of interest in Trade Facilitation more specifically in the area of transit. This is because issues related to border crossings and the smooth flow of goods are vital to Rwanda's economic success as Rwanda's imports and exports face problems in transit before reaching their final destination. In that respect, Rwanda hopes that WTO TFA signed at Bali in December 2013 will reduce border transaction costs for Rwandans' exporters and importers.
- Some background information with regard to the geographical situation of Rwanda; Rwanda is connected to the Indian Ocean by two major gateways; the Northern Corridor linking Rwanda to the port of Mombasa through Uganda and Kenya and the Central Corridor which connects Rwanda to Dar Es Salaam port in Tanzania through Rusumo Border Post.
- The Northern Corridor is longer with 1661km with at least two border posts to cross between Rwanda and Uganda and Kenya in comparison to the central corridor with a distance of 1495km with only Rusumo border post between Rwanda and Tanzania.
- Rwanda is now conducting a self- assessment exercise (with support from TMEA) that will lead to re-categorization of commitments under the three categories and help to determine the possible benefits or impact on implementation of the agreement – in terms of trade cost reductions. This

builds on work done in 2012 by The United Nations Conference on Trade and Development (UNCTAD) on the Trade Facilitation Needs Assessment Study.

- This exercise of updating trade facilitation implementation will also define areas where support measures and funding needs are required for the WTO Trade Facilitation Agreement. It will also help Rwanda to identify bilateral and multilateral donors to assist with the capacity needs that will be identified for effective implementation of the TFA.

### **With regard to Rwanda: Trade Facilitation Indicators**

The OECD Trade Facilitation Indicators for Rwanda observed the following:

- Rwanda performs significantly better than the average of Sub-Saharan Africa and low income countries in the areas of **information availability, streamlining procedures, governance and impartiality**, and is very close to the average for **harmonization and simplification of documents and automation**
- Rwanda's performance for **appeal procedures** and **internal border agency co-operation** is below the average of SSA and low income countries.

### **Some of the Challenges Impeding Rwanda's transit transport are:**

- **Multiple Check Points:** Transit trucks passing through Uganda and Kenya are required to make a number of stop over at various checkpoints and weigh bridges (seven in Tanzania, 4 in Uganda and 4 in Kenya) for purposes of controlling transit fraud. There are also cases of reported police harassment.
- **Multiple and slow customs/border/port clearances:** The slow customs procedures at borders (4.6 hours to cross Rusumo-Tanzania border post in 2013 on average and 8.8 hours to cross Malaba-Kenya and Uganda in the same year). At Mombasa port, sometimes it takes between 60 and 90 hours for transporters to pick their cargo from the port after customs release; long Port procedures and dwell time (at the Mombasa Port, the port dwell time in February, 2014 was 84.08 hours i.e. 3.5 days; at the Dar es Salaam

port, the duration of customs and port formalities (Dwell Time) is currently at 12 days for transit containers and 9 days for local containers).

- **Cumbersome paper work at borders:** Exporters are obliged to complete new sets of customs declarations every time goods enter a new customs territory which further increases the time taken for Rwandan destined exports and imports.

### **Transit Transport cost and time**

Current transit transport costs and time compared to indicators of Doing Business Report 2014 for both imports and exports.

For doing business Report 2014 indicators cost of import for a 40 feet container is \$4,990 with time to export of 30 days while the current practice Kigali Mombasa for the same size of container amounts to \$5,100 within 5 days and for Kigali Dar-es Salam it is \$4,800 for export (same size 40 feet container) Doing Business Report 2014 for export is \$3,245 within 26 days compared to \$3,250 Kgl-Mombassa within 4 days and of \$2,500 Kgl Dar-es Salam within 3 days time export

### **Rwanda's Progress in Trade Facilitation**

1. In the area of transparency and **information availability**, the GoR has taken a number of proactive steps including:
  - Designed e-government portal;
  - E-licensing regulations: This is a process of easing access to information regarding business licenses in Rwanda and reduces administrative and regulatory costs;
  - Alternative Dispute Resolution (ADR) portal;
  - Rwanda is In process of developing export portal and export handbook;
  - There is a Call center in RRA to provide adequate and timely responses to traders and other party's on tax related enquiries. It is a centralized office used for receiving and transmitting a large volume of requests made to RRA through telephone calls, emails and other correspondences;
  - RBS enquiry point: The Rwanda Bureau of Standards (RBS) was nominated by WTO/TBT as a National Enquiry Point and notification authority in Rwanda. This was done to ensure that manufacturers,

importers and exporters get the latest information on standards, technical regulations and conformity assessment procedures available in Rwandan market and other external markets targeted by Rwandan exporters;

- BDS for exporters: Government attached experts to Business Development Services at District levels to assist exporters or traders obtain trade related information;
- Ministry and Agency website with relevant documents available online.

2. In the area of **streamlining border procedures and formalities as well as reducing number import-export documentation requirements, some measures taken are; automation as well as reduction of fees and charges**

- **Automation:** border procedures automated, electronic exchange of data and customs risk management systems. For importers selected in blue or super green channels their importations are not subjected to any customs controls at the point of entry. Risk management selectivity indicates that such consignments constitutes 60% of the total customs import transactions, while import transactions in yellow lane accounts for 25% for documentary verification and release of goods from customs. Consignments processed in red lane only accounts for 15% of the total import transactions; Use of technological tools like Cargo Mobile scanner (deployed at Gikondo, Gatuna and Rusumo); cargo tracking system at customs borders targeting high risk goods while facilitating compliant traders.
- **Electronic Single Window System (ESWS):** This system is being implemented by Customs Authority and other stakeholders namely Rwanda Development Board (RDB), Rwanda Bureau of Standards (RBS), MAGERWA and Ministry of Health (MoH). The system allows all parties involved in trade and transport to lodge standardized information and documents with a single entry point. This major trade facilitation initiative is anticipated to reduce the time it takes to clear goods by an estimated 3 days or by 40%. Not only will this bring Rwanda several steps closer to the ports of Dar and Mombasa but will lead to direct savings for business estimated to be \$6-9 million/year and introduce greater transparency and accountability into the whole chain of clearing goods

- **Online tax payment system:** e-tax and e-payment also being implemented by Rwanda Revenue Authority where taxpayers are required to declare and pay their tax returns online.
- Rwanda is also using **Revenue Authorities Digital Data Exchange (RADDEx):** which is a computer system that facilitates exchange of Customs data between EAC Partner States. In this case all advance information is accessed before arrival of goods in Rwanda. This system reduces delays in cargo clearance by avoiding the duplication of data capturing at the border posts. ASYCUDA World (Automated System for Customs Data) has been rolled out to all Rwanda major Customs Offices.
- **Documentation:** has been standardized in line with internationally acceptable standards, export and import documentation reduced to just three documents with copies acceptable in replace of originals; **Simplified Certificate of Origin:** Simplified Certificate of Origin ensures that Customs border posts bordering with our neighboring countries facilitate small scale cross-border traders. This simplified Certificate of Origin is issued basing on a common list of approved goods imported by small scale cross border traders with a commercial value not exceeding US\$2000.
- **General procedures:** coordinated border controls, development of OSBP where four OSBP facilities have been established. Currently two borders with Burundi, namely Ruhwa and Nemba/Gasenyei are operating an OSBP. Two OSBP construction projects are almost at their completion in Rusumo and Kagitumba while two others are at infant stage; Cyanika and Gatuna border posts.
- *Introduction of single window submissions which has so far connected over 95% of government agencies reducing customs clearance time from 5days to 1 day and saving both time and cost of about 8 million USD annually, Authorized Economic Operator schemes i.e. regional scheme with direct benefits like regional mutual recognition of operators and expedited border clearance due to immediate release which reduces on the cost of transit, blue channel or super green, pre- clearance: Here customs declarations are*

*processed and payment made before arrival of the consignment and goods delivered at the importers premises, and Post clearance Audit functions.*

### **Others**

- **Introduction of the Single Customs Territory:** Goods imported into the Customs Union shall be entered only once in the country of destination and released at the first port of entry to the destination Partner State. This will reduce the turnaround time for trucks from 18 to 7 days from Mombasa to Kigali. It will also allow removal of all road blocks; single weighing of transit trucks and reduce customs documentation and declaration.
- **Extended working hours:** Moving from 12 working hours to 24/7 operations; main borders operate either 24 hours (Gatuna, airport) or 16 hours (Cyanika, Nemba, Rusumo)
- **Harmonization of road tolls:** Rwanda and Tanzania have harmonized their road tolls at 152\$
- Use of Electronic Cargo Tracking System (currently under way) to track movement of cargo along the corridors for safety of cargo and anti-dumping.

### **Likely adjustment costs to LDCS - Examples**

- **Regulatory costs:** ATF is likely to invoke new regulations and legislations or amendments in existing laws in order to have consistency with national regulatory and legislative process. This in turn will call for a considerable amount of resources that may be required for legislative and regulatory work depending on the country's legislative structures, procedures and frequency of changes in legislation.
- **Institutional costs:** ATF likely to trigger establishment of new units such as such as post-clearance teams, risk management teams and central enquiry points, which will need additional financial and human resources.
- **Coordination Costs:** challenge related to co-ordination and co-operation among various relevant authorities at national level and across borders.
- **Training costs:** on-job training and classroom training of new concepts

- **Equipment/infrastructure costs:** incorporating existing or new ICT systems and online support for documentation, data gathering, traceability, and risk and stock management
- **Costs related to Sensitizing and Public Awareness:** need for public awareness as well as relevant stakeholders such as policy makers, regulators, private/public entities, industry associations, CSOs and consumers.

### **Rwanda Integrated Trade Logistics Facilities Project**

The Ministry of Trade and Industry is also implementing an ambitious project that aims at positioning Rwanda as a Logistics hub – the “Rwanda Integrated Trade Logistics Facilities”. The logistics facilities will enhance the Rwandan logistics and distribution services, so that time and costs associated with imports are brought down, and to give a competitive edge to exports.

The facilities to be established include: *Off-dock facilities in Mombasa and Dar es Salam, Kigali Logistics Platform, Bonded Warehouses in Rubavu and Rusizi, Cross border markets and Agro-logistics Centers, Foreign based multiservice centers and Air Cargo Facilities*. The Ministry plans to implement these facilities in two to three years’ time. It is envisaged that the Private sector will play a major role in the implementation and operation of the facilities.

In addition to the air cargo service and facilities, the railway Mombasa-Kigali route is under construction. The Northern Corridor Integration Projects Summit/Initiative (Kenya, Uganda and Rwanda) decided to revamp the existing railway network and also to construct a new standard gauge railway line and extend it to Rwanda by 2017.

### **Conclusion**

Rwanda is fully committed to implementing WTO Trade Facilitation Agreement signed in Bali, 2013. For effective implementation of this agreement, Rwanda needs to address a number of challenges highlighted above. For a least developed country like Rwanda, technical assistance is needed to improve trade facilitation, initiate joint mobilization of resources, invest in trade infrastructures, modernization of customs instruments, as well as the review of trade related laws.