

TRADE AND TRANSPORT FACILITATION ISSUES.

The overall focus of the facilitation audit has been the procedural or operational constraints to external trade and international transportation services. The three main areas of focus are: a) procedures and regulatory requirements for international trade transactions (e.g. customs); b) efficiency and market structure of transport services and infrastructure; c) measurement of costs and delays. This report sets to explain the bottlenecks and recommends policy actions and technical assistance options that will facilitate trade with and transport to Chad.

With respect to trade and transport facilitation, Chad's situation is as bad as it could be for a landlocked country in sub-Saharan Africa. The distance between Ndjamen, the capital, and the nearest port, Douala, is about 1700 kilometers. Alternative ports are even farther away: 1900 km to Lagos, 2000 km to Cotonou, 3500 km to Port Sudan, and about 4000 km to Mediterranean ports. In addition, Chad is a large and sparsely populated country, thus requiring relatively expensive internal logistics.[Please check, the connection is not clear. Is the population widely dispersed over the large area?] However, as far as trade is concerned, the main production and consumption centers are relatively close to Cameroon. This chapter focuses primarily on foreign trade logistics.

Chad, Trade and Transport Facilitation

- **Highlighted conditions** Among the highest costs and delays in the world
- Efficient train operations by CAMRAIL and relatively good road infrastructure
- Cost and delays of port transit in Douala[Exhorbitant? Please expand]
- Over-regulated transit freight in Ngaoundéré[Restrictive regulation? Please expand]
- Poor quality of road transport operations encouraged by the tour de role
- Road transit bottlenecks (illegal controls)
- Alternative corridors, including through Nigeria, are not viable options
- Non conducive business environment

Key recommendations

- Overhaul Chadian Customs
- Accelerate rail transit through Douala of containers destined for Ngaoundéré
- Deregulate freight movements ? in Ngaoundéré
- Maintain the quality of the existing infrastructure
- Consider a corridor authority for Cameroon, Chad and CAR
- Work towards a customs union in central Africa

Costs and delays in the transportation of goods are very high, even in comparison with other landlocked African countries. Indeed, only the Central African Republic is in a similar situation: four to six weeks, and about €4500 per 20-foot container from the port of entry (Douala or Lagos). Transporting basic products may be 30% more expensive in Ndjamen than in neighboring Cameroonian cities. While distances are comparable (Kigali in Rwanda is located within the same distance of its ports as Ndjamen), costs and delays are lower in

East Africa (30%¹), albeit still high in absolute terms. Landlocked countries in West Africa are subject to the same unit costs because the trade bottlenecks (procedures, market organization) are the same ; but at the same time, those countries are closer to port cities (about 1000 km) than Chad or CAR.

Delays and unpredictability are more compelling than cost for exporters and importers. These are not caused primarily by infrastructure problems, but from a series of obstacles and inefficiencies in trade and transport operations for which both public and private sectors are responsible. The route from Douala to Ndjamena can ideally be done by train and truck in about a week. The most tangible proof is that the French army is able to have its containers forwarded by train and private transport operators, and without military escort, from the ship in Douala to its base in Ndjamena within six days. Yet, other transporters often take approximately six weeks to transit the same route.

This exceptionally bad situation results from a combination of causes that involve Chadian customs, transit conditions in Cameroon, the quality of transportation services and exporter practices. Any improvement in trade logistics hinges, first and foremost, organizational and procedural changes.

1. THE LOGISTICS CHAIN AND THE TRANSIT FRAMEWORK

Chadian trade depends primarily on the corridor that originates from Douala, Cameroon. This corridor is intermodal, thanks to a railway link between Douala and Ngaoundere in the northeastern part of Cameroon. There are no statistics of the Chadian trade in terms of volume (tons), but imports [measured how?] have peaked in 2001 to 2003 with the construction of the Chad pipeline. Out of oil products the volume of trade may be about 400,000 tons, out of which 85% are imports.

The core of the country's population lives south of Ndjamena. Most productive activities, such as cotton and now oil are located in the southern part of the country as well. However, Ndjamena is the main entry point for trade. Indeed, big institutional consignees (Armée française and UN agencies) are based in Ndjamena. So are the traditional Arab traders from the "bazaars" in Ndjamena who are the dominant trading community. On the export side, cotton is shipped directly from Moundou to Ngoundéré in Cameroon, while Arabic gum, collected in eastern Chad, is shipped from Ndjamena.

The Institutional Framework of Transit Through the Douala corridor

Transit through the Cameroonian corridor is strictly governed by parallel and virtually identical transit agreements signed between the Governments of Cameroon and Chad, on the one hand, and the Governments of Cameroon and the Central African Republic (CAR), on the other hand. These are the road transport agreements. Customs transit rules are governed by the CEMAC customs code. The main provisions include the prohibition of coastal shipping; and the principle of traffic distribution, e.g. Chad: 65 percent for Chadian transporters and 35 percent for Cameroonian transporters.

Three national institutions, called freight bureaus, are responsible for the implementation of transit provisions:

¹ In 2004, typical cost of transportation from Mombassa to Kigali was about 165 USD per to vs. 230 euros for Douala-Ndjamena.

- For Cameroon, the *Bureau Général du Fret Terrestre* (BGFT).
- For Chad, *Bureau National de Fret* (BNF).
- For CAR, the *Bureau d’Affrètement Routier Centrafricain* (BARC).

BNF and BARC are primarily responsible of issuing the waybill for their national transporters, whether in Cameroon or in their country. The BGFT is purely a transit institution and is the, de facto, transit authority in Cameroon. It oversees procedural and transit facilitation issues. The BGFT has been instrumental in promoting two important measures: the creation of a transit manifest for trucks and the consolidation of control points on the route from Nagaoundéré. The Guichet Unique du Commerce Extérieur (GUCE) in Douala federates the border agencies in Douala in a single window. It is another important player in transit facilitation, but it focuses mostly on goods clearance in Douala.

There is no corridor organization in Central Africa that brings together not only the participating authorities in the countries but also the users. While such an organization should not be responsible for implementing agreements, it could be instrumental in resolving problems through dialogue, initiation of new projects and assessment of results. The current organization is purely administrative and the institutions in charge of transit are both judge and judged, a situation that hampers innovation. For instance, it may be difficult for BGFT to evaluate its own activities and question the regulated freight allocation in Nagaoundéré.

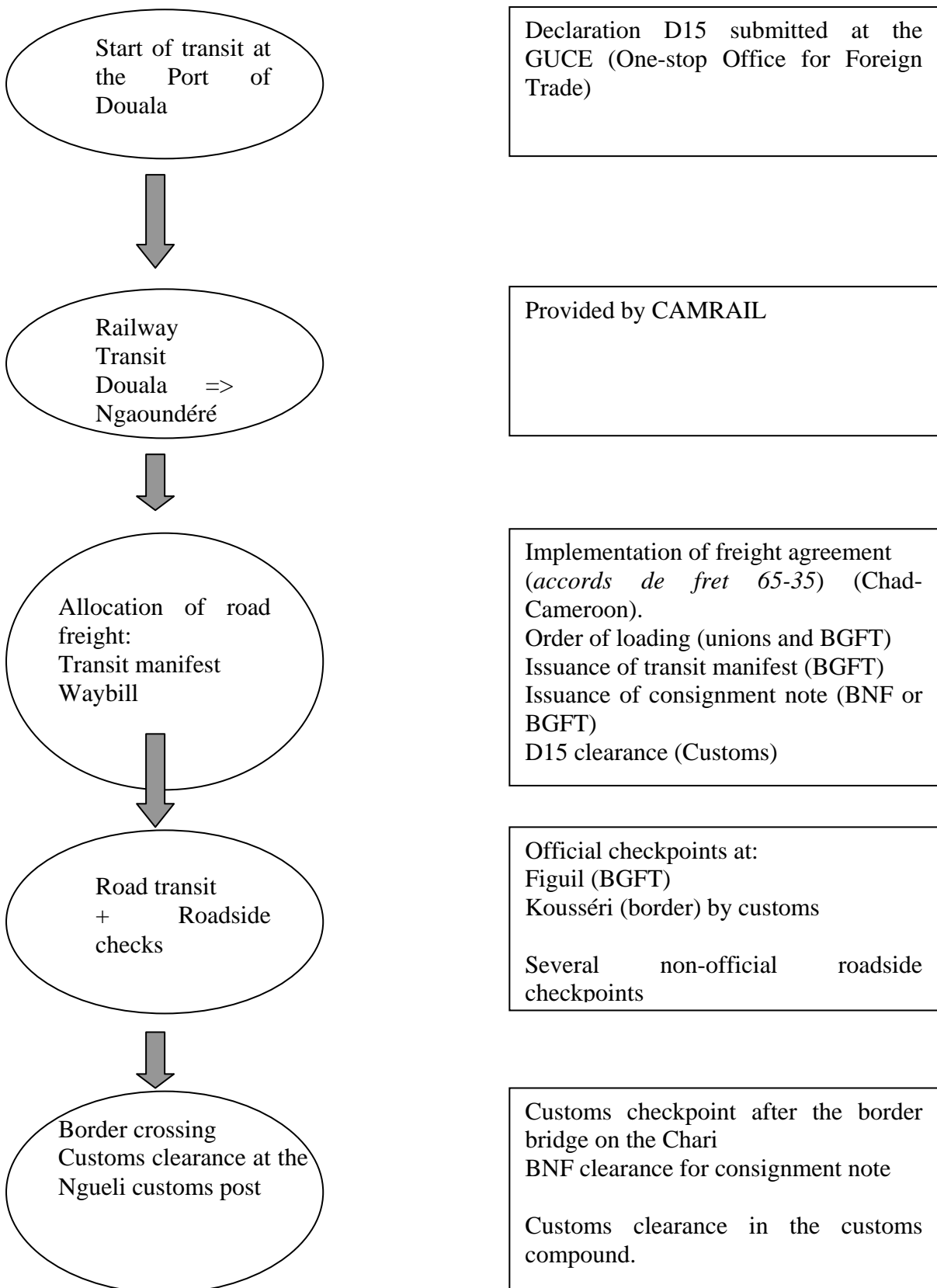
Infrastructure

The quality of the infrastructure supporting the trade transit through the main corridor (Cameroon) is quite acceptable. The paved road between the Nagaoundere railway terminal and Ndjamena is in good or very good condition, except for the southernmost section. The railroad from Douala has been concessioned to CAMRAIL who has brought high standards of operations and has strived to modernize the infrastructure. The terminal in Nagaoundéré has been revamped and is very professionally operated. In Douala, the container terminal is brand new and has been concessioned to the world renowned AP Moller (Maersk).

The maintenance and renewal of the infrastructure must be addressed consistently. So far, the road maintenance policies in Cameroon as well as Chad have been relatively robust, largely due to the establishment of autonomous road funds. The railroad is potentially the weakest link. The section between Yaoundé and Belabo needs heavy rehabilitation. There have been some difficult discussions between the government and the concessionaire regarding the scope of responsibilities for the work. Furthermore, the government still owes outstanding payments on subsidies for the transportation of passengers. Finding a viable and acceptable solution for both parties is a priority for improving transit quality.

The infrastructure in Chad is a lesser issue for trade, since most of the trade goes to Ndjamena directly on the border. However, there is a very limited network of paved roads which directly increases the cost of internal logistics. Typically, transport to Abéché costs 180 CFA F per TonXkm vs. 60 CFA F for paved roads. The southern region of Chad (Moundou) is not yet connected to nearby Cameroon by paved roads, and this is a direct concern for cotton exports. The European Union is financing the construction of the Nagaoundere Moundou link. (2006).

Transit Through the Douala Corridor



Logistics Services

There might be a minimum of 500 trucks involved in transit, but in Central Africa there are very few structured companies. Most trucks are operated by individuals belonging to unions (UNATRANS and SNLTT for Chadians haulers). They operate very old trucks that are without proper maintenance therefore breakdowns are frequent. Drivers have little regard for deadlines or take other routes to 'work for themselves' (transporting passengers or making detours, both of which are prohibited). Operational costs (about 60 CFA F per loaded tonX Km on paved road are essentially variable costs (fuel, tires, spare parts).

As a result, the service is unpredictable and is of deplorable quality. Present policies do not encourage the necessary consolidation that will be conducive to better quality of services.

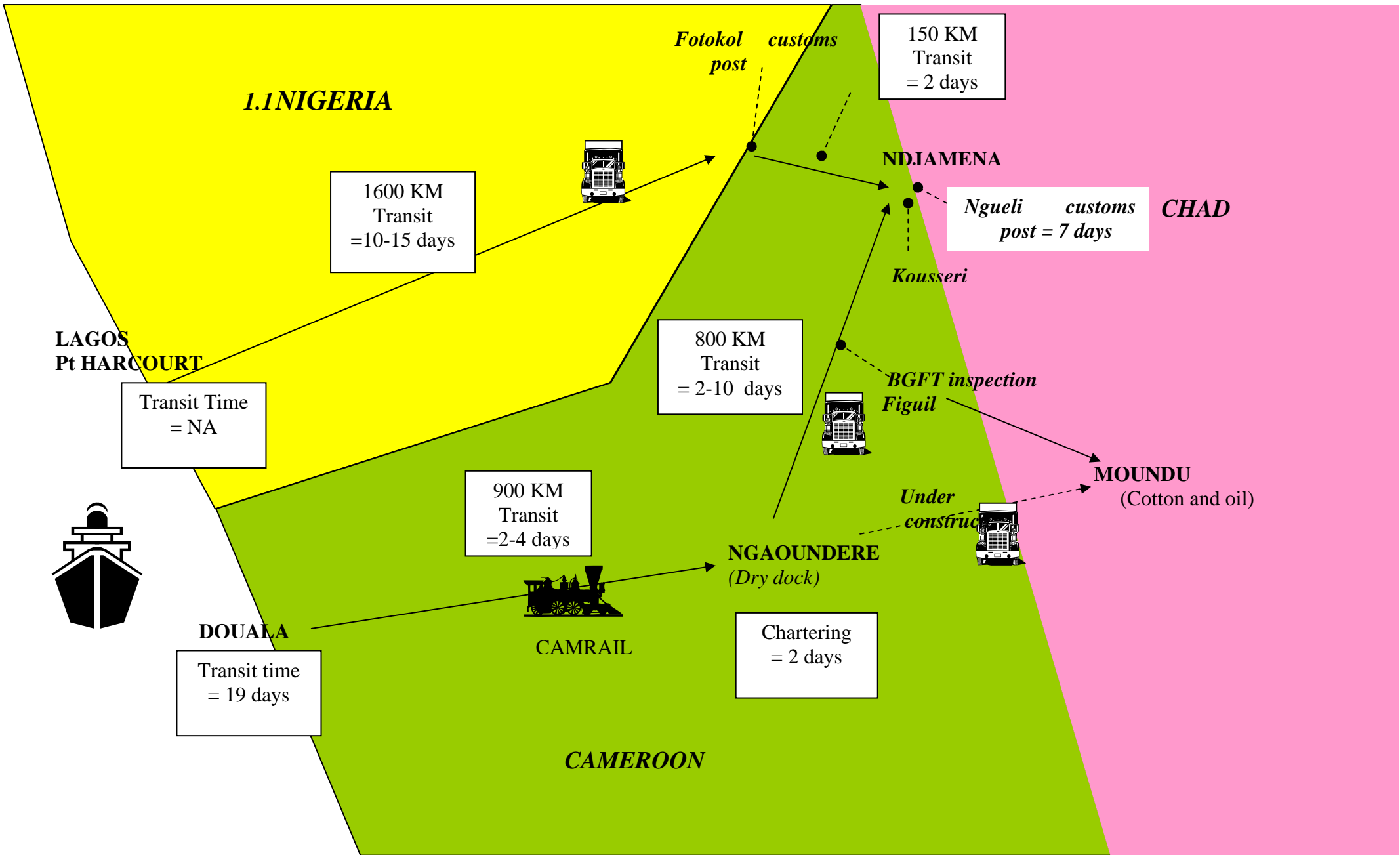
Air Cargo to and from Ndjamenas is supported by regular connection to France (bi-weekly) and also the Middle East. There is a significant untapped potential for return freight, of several hundred tons per month (the cost of return freight from France is approximately 3 Euros per kilogram).

2. THE BOTTLENECKS AND THEIR CAUSES

The causes of logistics costs and delays are well distributed throughout the supply chain. If only for purely geographical reasons (Ndjamena is situated on the Cameroonian border), most costs and delays are incurred in transit countries. However, this does not exonerate Chadian stakeholders of their responsibilities. Responsibilities seem to be attributable to both the public and private sectors. The three main issues are:

- the costs and delays incurred at the port in Douala;
- the consequences of the regulated management of truck freighting for transit, which entails low quality and low productivity in the road sector; and
- the customs administration in Chad.

Phase	Impact on Costs	Impact on Delays	Comment
Port transit	High, due to port charges	Significant (including initiation of customs clearance process)	
Railway transit	Moderate	Acceptable	Depends on traffic conditions
Regulation of freight in Ngaoundere	Not applicable	Significant	
Road transit	High: <ul style="list-style-type: none">▪ High cost per ton per km▪ Informal payments	Potentially high because of lack of reliable transport services	Considerable variance in transportation time = a major source unreliability.
Customs clearance in Ngueli	Illegal payments	Significant	



Chadian logistics chain

Cost of Clearing and Transporting a 20-foot container to Ndjamen

Cost	Weight 10 T	Weight 20 T
Total port expenses	58,7195	76,3695
Road transportation to Ndjamen	1,360,000	2,060,000
Other formalities	60,000	60,000
Total cost to Ndjamen	2,007,195	2,883,695

Source: SSATP 2004

Cost and delays in Douala

Port fees in Douala, approximately 1,000 Euros for a 20-foot container, are very high, although comparable with ports in Western Africa. By comparison, it is barely lower than the cost of transportation by sea from Europe, about 1,500 Euros, or one-third of the cost of transportation in the corridor. This issue goes much beyond transit and is essentially an identified problem of transportation policy in Cameroon.

The initiation of transit procedures in Douala is not fundamentally different from the customs clearance process in Cameroon and is thus subject to relatively long delays. Today's average clearance time for imported containers is 19 days.

Problems related to delays in port clearance have been identified by the port community, and current facilitation initiatives include the following:

- Customs reforms, a component of the revenue agency modernization pushed by the IMF. An important step will be the migration to ASYCUDA ++. The current system PAGODE is outdated and requires manual processing of customs declarations.
- The single window under GUCE, operational since mid-2004. With the support of the AFD, the GUCE is being computerized to create one front office that is connected to the information systems of the organizations present in the one-stop agency. Potentially, this will result in significant time gains for users who would be able to make their unique declaration electronically.

In principle, containers in transit can and should be processed more speedily than goods cleared through Cameroon customs, as there are less steps, procedures and agencies involved. It is especially true that, from a customs perspective, transit containers are shipped through a very secure mode of transportation up to the up-to-date terminal in Ngaoundéré. Yet, according to the freight forwarders, the procedure applied to transit takes as much time as customs clearance. Current initiatives including the single window do not discriminate enough in favor of transit operations.

Regulation of Freight Impacts the Quality and Reliability of Transport Services

The simple move of the containers from train to truck implies a series of procedures that typically take a few days in Ngaoundéré. The steps include:

- Processing of customs documentation (D15 declaration) and emission of transport (waybill) and transit (transit manifest) by the agencies located in Ngaoundéré: Customs, BNF, and BGFT. The procedure is not necessarily linear and at times there is back and forth movement between the offices involved.
- The allocation of transportation services by a tour de role mechanism administered by BGFT and the Cameroonian transporters' union.

The tour de role is rigidly administered under the auspices of the BGFT and goes much beyond the control of the repartition of freight between Cameroon and Chad. Prices are regulated by a memo specifying the price of tons per kilometer. The price, which depends on the commodities is about 60 CFA F.per tonXkm/

The most far reaching consequence of the tour de role and which has no legal basis is that shippers and freight forwarders cannot really freely choose their transporter. Therefore, it suppresses the incentive to transporters to provide quality services. Given the relative abundance of trucks, the actual utilization of trucks is low, which also deters investment in better equipment. This requires a good rotation of trucks to pay for the increased fixed costs. Therefore the tour de role, although responding to some social concerns, is trapping Chad in a vicious circle of poor transit services.

Road Transit Bottlenecks

The Cameroonian administration has sought to ease the control procedure by limiting checkpoints and setting up one-stop checkpoints. There is now only one official checkpoint en route, manned by the BGFT. It is located in Figuil, the mid point between Ngaoundéré and Kousseri-Ndjamena. There are also several tollgate stations to collect road fees. In line with the modernization of Cameroon Customs, the Kousseri Customs office will be relocated to the border bridge on the Chari. This is a sensible move to curb the possibility of fraud on the Kousseri market.

Illegal roadblocks are a pervasive problem in Central and West Africa. Most controls are carried out by police and *gendarmérie*, and sometimes by specialized government services (veterinary and agriculture.). The checkpoints are many since they are located at the entrance and exit of towns as well as at the borders between administrative districts (for the *gendarmérie*). Informal payments can amount to 200,000 CFA F between Ngaoundéré and Kousséri.

However, contrary to common belief, their impact on transport time is not significant. Most of the delays observed in road transit are imputable to the lack of quality and professionalism of truckers. The BNF registry shows that typically the route between Ngaoundéré and Ndjamena is done in about 10 days, but other times can take as little as two or as much as three weeks.

Chadian Customs

The performance of Chadian customs contributes significantly to the transit time observed (about a week). The main border posts are at Nguéli, next to Ndjamena and at the airport. Recently (in September 2003), the International Monetary Fund carried out an in-depth analysis of the **customs system in Chad**. This mission confirms the observations of the report and the need for an overhaul.

The organization of customs clearance is undeniably unproductive, hardly client-centered, and allows too much room for loss of control. Chadian customs employ about 1,400 people, which is considerable compared to the trade activity involved. It is the same number of the workforce for Kenya, whose imports are about twelve times more than Chad's and whose Customs is not computerized. CAR employs 300 agents (for 50% of Chadian imports) and Rwanda 200 (for the same level of imports as Chad).

Such redundancy, which is evident in the field, has a negative impact on users. Many procedural steps are maintained as if to increase the number of agents involved. The procedures are partially computerized for containers. ASYCUDA++ has not been completely deployed in Chad and in any cases everything is redone manually, even for the supposedly computerized stages. Moreover, it appears that many people inside the Nguéli enclosure do not have a well-defined reason for being there. They often consist of Customs' "informal auxiliaries," middle people or workers from other government services.

This environment does not encourage trade; users waste a lot of time there and even fear for the integrity of their goods (the practice of physically inspecting the container). For instance, the inspection (mandatory) of containers implies having an army of workers (official and non official) to load and unload containers on the ground, without protection for weather.

The Ministry of Finance tried to instill more rigor by conferring to BIVAC the responsibility of developing a program for pre-inspection of imports. This program does not seem to have any impact.

Alternative Corridors are Not an Option

In theory, it is better for a landlocked country to have several transit corridors. Competition can contribute to better quality and lower costs of transportation services and can lessen the likelihood of a cut off due to technical or political reasons. In the case of Chad, alternatives to the Douala corridor do exist (Nigeria, Sudan, Libya). The corridors through Sudan and Libya, however, simply make no economic sense due to the long overland distances, traffic conditions, and the fact that they are at the opposite ends of the country's populated centers.

The corridor towards the West African ports, through Nigeria, already offers an alternative to the Douala corridor, at least for the N'djamena region. The route passes through Maiduguri in Northern Nigeria, then through Fotokol at the border with Cameroon, joining Douala shortly before Kousseri. The infrastructure is very poor in Nigeria as well as in the short (100 km) dirt track between Fotokol and Kousseri. Transport services are not up to modern trade requirements: overloaded open trucks that cannot be customs secured?; procedures are cumbersome, lack transparency and are uncompliant with the CEMAC code.

Chadian authorities have raised the issue of creating a paved road from Fotokol. Such an investment must be considered in light of the overall performance of the corridor and the project's benefits for economic operators. Investing in this relatively small portion of road infrastructure would make sense only within the context of a major effort to improve the infrastructure and trade facilitation provisions in Nigeria. This is clearly not the case today. Furthermore, alternative corridors are mainly used by the informal and traditional sectors, which are not good vectors for the integration of Chad into the global economy. For now, investment and facilitation efforts should concentrate only on the Douala corridor.

The Business Culture is not Conducive to Trade Facilitation

In Chad proper, importers/exporters belong to two essentially distinct groups: on the one hand, European companies or major structured Chadian operators' and, on the other hand, traditional traders with links to Arab countries, some of whom have acquired a healthy financial base and now play a very important role in foreign trade. Trade practices, foreign trade relations, and even the preferred corridors of the two groups are very different. This potentially complicates the establishment of coherent trade facilitation policies.

Furthermore, the prevailing business environment in Chad and in the other countries involved in transit is hardly conducive to trade facilitation and transportation. Low-level corruption seems widespread and the rent-seeking mentality is well rooted in society. Contraband seems to be very common (the Kousséri market in Cameroon is located just opposite Ndjameña). In the latest Transparency International rating of 146 countries, Chad is 142nd, Cameroon 129th, and Nigeria ranks last.

3. THE OPTIONS

Potential improvements lie in the simplification of procedures and improvement of the quality of services along Chad's supply/export chain. Since the Chadian customs authority is the endpoint of the goods transit process, the acceleration of transit operations therefore depends on its efficiency. However, transit falls outside the jurisdiction of Chadian authorities. In fact, it largely depends on measures applicable to the Cameroonian territory. Improvements therefore require bilateral cooperation. There are three relatively independent plans of action:

- the reform of Chadian customs;
- the quick transit of containers through the Ngaoundere terminal; and
- the facilitation of road transit from rail terminals towards landlocked countries.

The solutions to Chad's situation do not require significant financial resources. They do, however, require strong mobilization of the various actors in Chad and in Cameroon. Their implementation, therefore, depends on strong political will on both sides of the border and on a consultation process. This may take time, however simple the measures may appear. Virtually all the proposals outlined here are likely to clash with well-established interests. In all sectors, there are rent seeking situations encouraged by informal practices and by the organization of operations.

International experience shows that implementing measures under such conditions requires a corridor authority, which does not exist today. This authority would ideally be an international secretariat that, working with public and private partners, without having any operational authority itself, would play the role of reform facilitator and would measure the results. A possible model for such a body is East Africa's Northern Corridor Permanent Secretariat based in Mombassa, Kenya.

Comprehensive Reform of Chadian Customs Authority

The mission fully supports the observations and recommendations of a recent IMF report on the reforms required for Chadian customs. In light of the current situation, these reforms must be drastic and require unwavering political will, as the IMF has noted. Again, this is not a

question of investing, but rather one of improving professionalism and reviewing work methods and procedures, above all else. This reform calls for a drastic reduction in personnel, in the order of two-thirds. The customs authority currently employs 1,400 people to process only 50,000 declarations a year. Chad's customs authority has staff levels comparable to that of Kenya's customs authority, which, without being computerized, manages a volume of activity that is 12 times higher. Furthermore, a normal customs operation requires the elimination of the numerous customs "auxiliaries."

It is very unlikely that this reform can be successfully implemented gradually or that tangible results can be expected, under current conditions, from innovations like computerization (ASYCUDA), training programs and pre-inspection (BIVAC). On the contrary, these efforts may provide an excuse for postponing core reforms, such as downsizing, that must necessarily be radical, given the number of agents involved.

The upgrading of the Nguéli post, which handles 50% of trade is an absolute priority in any reform effort. Creation of an operational customs post for the new Ngaoundere–Moundou highway will be a key milestone (2006).

A major difficulty that must be overcome by the reform effort is the commercial culture of traditional networks, particularly the Arab trade networks. The reform can only succeed if it is accompanied by a sustained education campaign to convince many importers to abandon the bad practices that are common today, such as under-invoicing and the violation of rules of origin.

Deregulate Freight Allocation in Ngaoundere

In light of international standards, the practice of distributing freight by country is certainly not advisable. Given the sensitivity of the subject among Chadian operators, it appears difficult to eliminate the 65-35-breakdown clause overnight. Furthermore, the tour de role is more harmful than the freight repartition. It is imperative to review the current practice that amounts to a very rigidly regulated allocation system: reference prices set by authorities and tour de role organized by official unions and the BGFTI. It is possible and desirable for the allocation of freight to take place under market conditions, while respecting traffic distribution rules. It essentially comes down to gradually reforming the tour de role system. The following specific actions are required:

- Authorize shipper and/or freight forwarders to, in practice, select the transport operator of their choice without going through the unions. This, in fact, is the case for Maersk and UTA.
- End the confusion between transport operators' unions and the authorities at the Ngaoundere site (BGFT, BNF). The transport operators' union and the BGFT should have separate offices.
- Cameroonian authorities should no longer support the publication of reference prices.
- Authorities should no longer have any prior involvement in traffic distribution. BGFT/BNF would only check (when issuing the vehicle transit documents) to ensure that the shipper has complied with the 65-35 distribution. Furthermore, these checks should only occur generally (for example, covering a transit agent's monthly activity) rather than during each shipment.

- Transport operators' unions should ultimately see their role "privatized," such that they are only responsible for organizing transportation for shippers/freight forwarders outside their pool of favored transport operators.

All these actions would foster the gradual reform of the current system. Shippers and freight forwarders would gain in time and quality. The scope of the tour de role system would be gradually reduced and small obsolete transport operators would be driven out of the market.

Facilitate Road Transit

On the ground, the respective roles of the customs authority and the BGFT/BNF should be clarified for the user. It would be relatively simple to have a one-stop agency in Ngaoundere for virtually instant processing of the following three documents: Customs Declaration (D15), Transit Document (BGFT) and Waybill (BNF).

The recurrent question of **how to reduce informal payments** on the Ngaoundere-N'djamena route has no easy solution within the context of "conventional" facilitation measures, since it is not a question of streamlining procedures but rather one of confronting informal practices that are deeply rooted in the mentalities and, in fact, goes well beyond the issue of the forwarding of goods. To this end, implementation of the "sauf conduit" program for transport operators in transit by the BGFT in Cameroon is a good idea. Unfortunately, there is no evident impact on the ground. The solution to this problem, in fact, lies in a review of the way local and national police forces operate, mainly in Cameroon; and more generally, far-reaching changes in the public service. This is therefore an issue that goes far beyond the transit of goods towards Chad (or CAR).

Accelerate the Transit of Containers to Ngaoundere and Eventually consider Setting up a Dry Port in Ngaoundere

As indicated above, the transit of containers from ships at the port of Douala to the Ngaoundere rail terminal accounts for a large part of the high costs and long delays in Chad's logistic chain. This finding is paradoxical to the extent that the container terminal and rail operations are managed by competent, high-caliber international operators that are, moreover, associated within the same group. In Douala, goods on transit are subjected to procedures that are similar to those that are applied to goods cleared through Customs in Cameroon.

Current facilitation initiatives under the GUCE and Customs, such as ASYCUDA++ or the automated single window, will have positive effects on transit, especially when the automation comes to Northern Cameroon. However further gains would be achieved by rethinking the processes applicable to goods in transit:

- Technically, there is no reason to have procedures for goods in transit that are as long as those for goods being locally cleared through Customs.
- Container terminal and railway operators have the capacity and experience to move transit containers to Ngaoundere, quickly and securely.
- From a customs perspective, traffic towards Ngaoundere is quite secure² because of the quality of CAMRAIL operations, the level of security around the Ngaoundere container

² This view is not shared by BGFT which intends to extend the transit document process to rail transportation. This plan is neither justified fundamentally nor consistent with international practice whereby rail transit is

terminal and the fact that most of the transit operations are handled by a few freight forwarders who offer all guarantees of professionalism and solvency.

It is therefore quite possible to come up with rapid shuttle options for containers in transit between Douala and Ngaoundere. One such option is being successfully tested between the port of Mombassa in Kenya and Kampala in Uganda, even though transit conditions there are no better than in Cameroon. This solution depends on negotiations between a few parties—Customs, the operator of the Douala container terminal, CAMRAIL and the main freight forwarders. Based on similar experiments, we can expect rapid shuttle services to be facilitated by the following measures:

- The relocation of customs procedures (D15) to Ngaoundere, which would reduce duplication.
- The assignment of “liaison officers,” including Chadians, in Douala to facilitate the flow of information relating to in-transit containers.

Consolidate CAMRAIL and Other Infrastructure

CAMRAIL is indispensable to northern Cameroon and the two landlocked countries. Given the age of the infrastructure, especially those between Yaoundé and Belabo, very significant rehabilitation measures will be required to ensure the quality and continuity of operations. Unfortunately, rehabilitation plans are stalled because of a disagreement between the state and the operator as to which party is responsible for renovation work. It is imperative that development organizations, mainly the World Bank, AFD and EU, lend support to find a quick resolution and eventually contribute the necessary funding.

Lastly, it is desirable to control vehicle overloading in order to protect road infrastructure in northern Cameroon. This should be done by setting up a single weighing station in Ngaoundere.

A Long term Agenda: Move Towards a Customs Union

In the long term, strengthening the customs union within the Central African Economic and Monetary Community (or between Cameroon, Chad, and the CAR) is probably by far the best option for Chad (and the CAR). This has already been the subject of a World Bank report (2002). Ideally, it should be possible to clear goods destined for Chad or the CAR through Customs at the port of Douala. Intra-regional procedures including transit would essentially be eliminated. Customs duties would thus be collected essentially by Cameroon and then redistributed to the landlocked countries according to an agreed upon formula. In this regard, it should be possible to measure the flow of traffic towards the landlocked countries, without necessarily imposing constraining controls on the transportation of goods.

A customs union is a very complex undertaking, as the examples of yjr RU or the Saku in Southern Africa show. It requires a much climate than the prevailing one,.. For example, from the standpoint of Chad’s revenue security, the elimination of customs barriers between Chad and Cameroon is hardly compatible with the apparently massive smuggling that prevails between Nigeria and Northern Cameroon. The proposed facilitation measures would contribute to creating long-term conditions for such a project.

considered to be more secure than road transit and require that customs authorities not require bank guarantees for it.

SUMMARY OF PROPOSALS

Projects to be Considered

Short-term measures	
Consolidation of CAMRAIL	Facilitate resolution of the disagreement between the state and the operator to allow for investment in rehabilitation work.
Medium-term projects	
Comprehensive reform of Chadian Customs	Requires: <ul style="list-style-type: none"> ▪ Upgrading the Ngueli and airport posts and creating a modern post on the future Ngaoundere–Moundou highway. ▪ Awareness-raising activities on good trade practices directed at traditional (Arab) commercial networks.
Facilitate intermodal transport = Prompt transfer of transit containers from ship to train	<ul style="list-style-type: none"> ▪ No technical or regulatory obstacles to a rapid shuttle option comparable to that of the Mombassa–Kampala corridor. ▪ Experimentation to be carried out between Cameroonian customs and the main operators (container terminal, CAMRAIL, SDV, STAT).
Improve conditions for the application of the bilateral accord on transit by ending regulated chartering	Requires: <ul style="list-style-type: none"> ▪ Relaxing the tour de role mechanism and reference prices to allow shippers and freight forwarders to work with transport operators of their choice. ▪ Clear separation between regulatory bodies (BGFT) and transportation sector organizations (transport operator unions). ▪ One-stop service in Ngaoundere for the three applicable procedures: D15, transit document and waybill.
Improve transit facilitation framework for Chad and the CAR	Consider creating a Douala Corridor Secretariat to work in partnership with public and private sector to facilitate reform and measure the outcomes.
Long-term projects	
Reduction of informal pay-offs in Cameroon	This measure is not specific to transit, but rather falls within the scope of a general effort to combat informal practices within the public service.
Real customs union within CEMAC or between Cameroon, Chad and CAR	A real customs union would eliminate the need for transit procedures.