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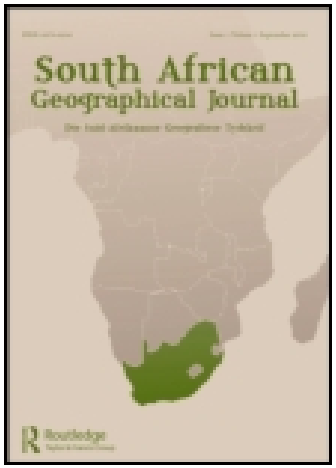

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INVISIBLE TRADE, INVISIBLE TRAVELLERS: THE MAPUTO CORRIDOR SPATIAL DEVELOPMENT INITIATIVE AND INFORMAL CROSS-BORDER TRADING

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INVISIBLE TRADE, INVISIBLE TRAVELLERS: THE MAPUTO CORRIDOR SPATIAL DEVELOPMENT INITIATIVE AND INFORMAL CROSS-BORDER TRADING

S. PEBERDY and J. CRUSH

ABSTRACT

This paper examines the activities and patterns of trade of small entrepreneurs involved in informal cross-border trade between South African and Mozambique and the potential impact of the Maputo Corridor Spatial Development Initiative (SDI) on their businesses. Virtually no mention is made of informal sector cross-border traders in policy documents and analyses of the Corridor, or other South African government policies directed towards increasing regional cooperation and export trade. This paper therefore also explores what traders know about the Maputo Corridor SDI and how they think it will affect their businesses. It suggests that although the Corridor may have a positive impact in some ways, unless other policies, particularly those relating to immigration and customs and excise policies are changed – the potential value of the Corridor to these small and medium enterprises (SMMEs) may be lost.

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Introduction

Every week hundreds of small entrepreneurs, Mozambican and South African, travel along the route that links Gauteng in South Africa with the Mozambican port of Maputo. These informal traders make their living by trading across the border between the two countries. The resultant patterns of movement and economic activity are largely unremarked and even invisible both to policy-makers and researchers. In that respect, the Mozambican-South African border is no different from numerous other borders within the Southern African Development Community (SADC). What sets this particular route apart is that it coincides spatially with the government's showpiece of post-apartheid regional development planning; the Maputo Corridor Spatial Development Initiative (SDI) (Figure 1).

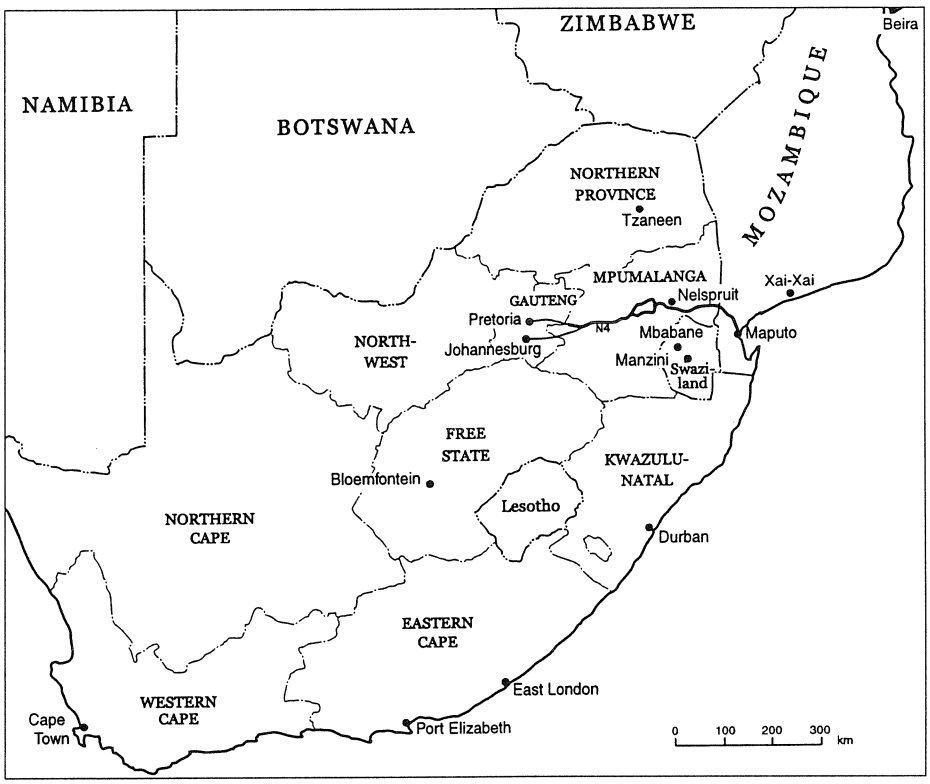

FIGURE 1: Southern Africa and southern Mozambique

The Spatial Development Initiatives programme was devised in the mid-1990s as a new post-apartheid regional development and job creation strategy. The programme involves identification of key geographical zones (often along pre-existing transportation arteries) with demonstrated economic potential for new investment. The potential is to be unlocked through the levering of state resources to promote private sector investment and job creation in those areas (Rogerson, 1998a, 2001). The Maputo Corridor SDI is the flagship of a growing number of South African and regional SDI's. Central to the success of the Maputo Corridor is strengthened links between Gauteng and Maputo – re-inventing connections which were destroyed during the apartheid years while generating economic growth in Mpumalanga province and southern Mozambique (Mitchell, 1998; Driver and de Barros, 1999). Thus the primary objective of the Maputo Corridor is to fast track private sector capital formation and investment.

The realization of the investment potential of the Maputo Corridor rests on the upgrading of road and rail links, the border post and the port of Maputo, as well as the development of an aluminium plant at Maputo harbour (Mozal). One of the key elements in this upgrading programme is the US$400 million toll road between Maputo and the town of Witbank in Mpumalanga. The road between Komatipoort and Witbank is largely completed and three toll plazas are now in operation at Middelburg, Machadadorp and Nkomazi (Figure 2). The stage between the Lebombo border post and Maputo is currently under construction and, as it is completed, toll plazas will be introduced at Moamba and Maputo in Mozambique.

The SDI strategy is supposed to foster regional development, economic cooperation and a regional economy that spans international borders (Jourdan, 1998; de Beer *et al.*, 1998; Holtzhausen, 2000; Rogerson, 2001). To this end, the concept of "borderlands" has recently been admitted into discussions of cross-border SDI's such as the Maputo Corridor (de Beer *et al.*, 1998; Rogerson, 1998b, 2001;

Schneider, 1999a). Underpinning the concept of "borderlands" is the notion that borders should shift from their traditional role as barriers and points of control to become "bridges" which facilitate the movement of goods and people. To this end, as part of the Maputo Corridor SDI, the border post is being upgraded to speed-up movement through the border. Policies are also being drawn up to facilitate cooperation between the border towns of Komatipoort and Ressano Garcia as well as to develop industrial and tourism linkages (Schneider, 1999a; Hilton-Barber and Schneider, 1999).

The South African government's macro-economic Growth, Employment and Redistribution (GEAR) emphasizes the role of exports (including manufactured goods) in generating growth and job creation (Republic of South Africa (RSA), 1996; Creamer, 1998; Rogerson, 2000). At the same time, the Southern African Development Community is close to implementing a regional Free Trade Protocol (see Carim, 1997; Gibb, 1997, 1998; Mayer and Thomas, 1997; Bertelsmann, 1998; Jenkins, 1998; Van Rooyen, 1998). The first changes to tariffs under the agreement should be introduced on 1 September 2000 (*The Star,* 2000). While the Protocol does not allow for the free movement of all goods without tariffs, it goes some way towards reducing tariff barriers to trade and promotes the notion of regional economic cooperation and integration. Tariffs between South Africa and Mozambique have already been reduced for some goods.

Yet, despite the stated emphasis of the SDI programme, GEAR and the Free Trade Protocol on regional cooperation and trade, little mention is made in any of the relevant policy documents of the role of informal cross-border traders and their impact on regional trade. Informal trade is similarly neglected in the analyses and commentaries on these initiatives (see Harrison and Todes, 1996; de Beer *et al.,* 1998; Jourdan, 1998; Mitchell, 1998; Rogerson, 1998a, 2000; Driver and de Barros, 1999). This may be because little is actually known about the activities of informal cross-border traders in the region and between Mozambique and South Africa. However, recent case study evidence suggests that informal sector cross-border trade is an important component of regional trade – in certain places exceeding formal sector cross-border trade (see Ackello-Aguto, 1996; Minde and Nakhumwa, 1997; Macamo, 1998).

According to its backers, the Maputo Corridor SDI policy will benefit local communities and households along the way, primarily through stimulating the growth of SMMEs (Mitchell, 1998). The potential impact, whether positive or negative, of SDI development on cross-border traders should therefore be a critical element of the evaluation of the impact and effectiveness of the SDI strategy. This paper therefore seeks to examine the relationship between Corridor development and informal cross-border trading between South Africa and Mozambique. It also asks what the informal traders know about the Maputo Corridor SDI and what they think its impact has been, and will be, on their businesses.

The paper draws on research conducted between November 1999 and January 2000. Some 101 Mozambican and 30 South African cross-border traders were interviewed as part of the study. In addition, the owners of 40 formal sector shops in Maputo were interviewed as well as 12 wholesale suppliers in South Africa. The paper starts with a brief overview of the demographics of these traders, and the types and volumes of goods they carry across the border. It then examines where traders buy and sell their goods in South Africa and Maputo, their patterns of travel and means of transport. As the Maputo Corridor toll road has the potential to both impose costs on their businesses as well as to facilitate travel the paper then explores knowledge about the Corridor and perceptions of its impact on their businesses.

The paper argues that, whatever the specific aims of the SDI, the introduction of tolls and existing border controls between the two countries present significant obstacles to small entrepreneurs involved in cross-border trade, undermining the economic opportunities potentially presented by the Maputo Corridor for SMMEs. Before concluding, the paper identifies interviewees experiences at the border, suggesting that it is currently more a "barrier" than a "bridge" to movement and informal cross-border trade.

Making Traders Visible

The literature on informal cross-border trade takes two intersecting paths. One route emphasises the volumes of informal sector cross-border trade and their implications for food security (Minde and Nakhumwa, 1997; Macamo, 1998). The other is directed towards traders and their activities in the region (Ackello-Oguto, 1996; Macamo, 1998; Muzvidziwa, 1998; Nethengwe, 1998; Parsley, 1998; Peberdy and Crush, 1998; Archivo do Patrimonio Cultural (ARPAC), 1999; Peberdy, 1999, 2000a, 2000b; Peberdy and Rogerson, 2000). These studies have helped us to begin to identify the demographics of traders and their activities. They also indicate that informal cross-border trade provides an important income earning opportunity for small entrepreneurs in the region while contributing to the formal and informal retail sectors. Furthermore, these entrepreneurs play a significant, if undervalued, role in regional trade relations, and between Mozambique and South Africa in particular (see Macamo, 1998; ARPAC, 1999; Peberdy, 1999; 2000a; 2000b).

The activities of cross-border traders travelling along the Maputo Corridor SDI roughly fall into three categories. The majority of people trading between Mozambique and South Africa buy goods in South Africa to take to Mozambique to sell in markets, on the street, to formal sector shops and restaurants and to individuals. Others bring goods from Mozambique to sell in South Africa's streets and formal sector. Some carry goods in both directions.

While Mozambicans clearly dominate cross-border trade between South Africa and Mozambique, South Africans are also active participants in the informal import and export of goods between the two countries. It is difficult to identify the exact proportions of women and men involved in cross-border trade between Mozambique and South Africa. However, interviews with traders and key informants suggest that women form the majority of small entrepreneurs involved in the business. In our study, 64% of the interviewees were women (including 71% of Mozambican; and 40% of South African interviewees). Macamo (1998, p.17) interviewed more men (66%) than women (33%) traders travelling between South Africa and Mozambique, but found that women dominated trade between Mozambique and Swaziland. While these figures cannot be taken as in any way representative, they do confirm that women are heavily involved in the trade.

The majority of respondents in this study were aged between 25 and 35 years (78% of Mozambicans and 71% of

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South Africans). Women traders were less likely than their male counterparts to be married (48% of women and 64% of men). Whether, single, married, or in another kind of relationship, all interviewees support a significant number of dependents. The 101 Mozambican interviewees had 306 children between them (average family size of those with children was 3.4). The thirty South African respondents had 83 children (average family size 2.9). Interviewees also supported other dependents beside their children (average 2.4 for Mozambicans and 3.4 for South Africans).

Like traders interviewed in other studies, the Maputo Corridor informal traders are relatively well educated (see Peberdy and Crush, 1998; ARPAC, 1999; Peberdy, 1999; Peberdy, 2000a, 2000b; Peberdy and Rogerson, 2000). Some 36% of female and 24% of male Mozambican respondents had not completed primary school, meaning that they are probably functionally illiterate. This is considerably less than the national average of 60% (Economist Intelligence Unit, 2000, p. 15). Some 62% of female and 76% of male Mozambican interviewees had been to secondary school. Among South African respondents, 42% of women and 84% of men had been to secondary school (compared to 53% of adult South Africans nationally) (Statistics South Africa, 1998, p. 36). Some interviewees had reached tertiary level education or had received other training.

The traders also tend to provide jobs for others. As many as 61% of Mozambican and 29% of South African respondents said that they employ other people in their businesses. In the case of the Mozambicans, the number employed ranged from one to five – although most (92%) only employed one or two people. The number of employees of the South Africans ranged from one to eight. Overall these 131 traders provided jobs for 138 people. In Mozambique most employees were family members or relatives (62%) but none of the South African employees had any relationship to their employers.

What Crosses the Border?

The patterns of trade of these small entrepreneurs are complex and span both the formal and informal sectors (Peberdy, 2000b). The majority of Mozambican traders go to South Africa solely to source their goods. These goods are then sold in Mozambique in wholesale and retail markets, on the street, to individuals and to formal sector shops and restaurants. Others take goods from Mozambique to sell in South Africa's retail economy (ARPAC, 1999; Peberdy, 1999, 2000b). Some of these traders carry goods back to Mozambique to sell. South African traders also sell in Mozambique, and may buy goods in Mozambique to sell in South Africa.

Patterns of informal cross-border trade mirror patterns of formal sector trade. Mozambique is South Africa's second largest export market in Africa and ranks sixth amongst suppliers of imports from Africa (RSA, 1999). Although trade with Mozambique represents only a small proportion of South Africa's import/export trade, South Africa is one of Mozambique's major trading partners, the destination of 15.8% of exports and supplier of 54.6% of the country's imports (Economist Intelligence Unit, 2000, p. 6). Trade is therefore dominated by goods traveling from South Africa to Mozambique. In 1998, South Africa's exports to Mozambique exceeded the value of imports by a ratio of 15 to 1.

In descending order of value, South Africa's main recorded exports to Mozambique are: minerals; prepared foodstuffs and tobacco products; machinery and electronic appliances; planes, vehicles and car parts; metals; chemicals; meat products; and vegetables and fruit (RSA, 1999). A recent study of freight flows through the Lebombo border post found that by volume, goods from South Africa are dominated by vegetables and fruit products (22%); cement and building materials (13%); ferrous metals (11%); manufactured goods (7%); plastic goods (7%); vehicles and transport equipment (7%); wood, wood articles and charcoal (6%); prepared foodstuffs, beverages, spirits, canned food, tobacco (6%); live animals and animal products (6%) (Driver and de Barros, 1999, p.15). In the opposite direction, trade from Mozambique is dominated by vegetables and fruit products (33%); manufactured goods (22%); live animals and animal products (19%); ferrous metals (14%); cement and building materials (6%) and wood and wood articles (5%).

Trade imbalances and patterns are duplicated in informal cross-border trade between South Africa and Mozambique. Informal cross-border trade is dominated by goods traveling from South Africa to Mozambique (see also Macamo, 1998; Driver and de Barros, 1999; Peberdy, 2000b). The kinds of goods carried by traders also mirror formal patterns of trade (Table 1). These informal movements of goods to Mozambique therefore support areas of South Africa's manufacturing sector which the government is trying to promote: textiles, food products, electronics and electrical goods as well as the agricultural sector (Davies, 1997; Creamer, 1998). Most often carried are clothes and shoes and other kinds of footwear (see also ARPAC, 1999; Peberdy, 1999, 2000b). Also popular are household goods – from plastic bowls to dinner sets, as well as bedding, household electrical goods and furniture. Vegetables and fruit form a significant part of cross-border trade supplying Maputo's wholesale and retail markets as well as street trade (see also Macamo, 1998). These products are often carried in bulk. Other research suggests that vegetables and fruit may constitute the largest component of informal cross-border trade in volume and value (Macamo, 1998; Peberdy, 2000b). Other perishable foods – notably, meat, chicken, milk, butter and eggs – also form a significant component of these businesses.

TABLE 1: Types of Goods Carried to Mozambique

Type of good	Mozambican Traders	South African Traders	Total
Clothing	44	10	54
Shoes, sandals, trainers	21	3	24
Wallets, bags, belts	8	2	10
Cosmetics, hair goods	11	–	11
Vegetables & fruit	20	14	34
Meat & chicken	23	1	24
Milk, butter & eggs	14	–	14
Other food, bread, groceries	9	6	15
Soft drinks, alcohol	1	9	10
Household goods	16	9	25
Electrical, electronic goods	8	5	13
Bedding & mattresses	10	5	15
Furniture & plastic furniture	10	5	15
Carpets	2	–	2
Building materials	–	2	2
Toys/music	–	2	2

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Table 2 shows the kinds of goods carried by the much smaller number of interviewees who take Mozambican products to South Africa. The most common goods were charcoal and "Mozambican bread." Other research suggests that fish and shellfish, cashews, Mozambican vegetables and *capulanas* (a traditional cloth from Mozambique) are also important exports to South Africa for small entrepreneurs (Macamo, 1998; Peberdy, 1999).

TABLE 2: Types of Goods Carried to South Africa

Type of good	Mozambican Traders	South African Traders	Total
Charcoal	–	4	4
"Mozambican bread"	–	4	4
Fish and shellfish	–	3	3
Cashews	2	–	2
Cold drinks	–	2	2
Cigarettes	2	–	2
Capulanas (traditional cloth)	–	3	3
Second-hand clothes	–	2	2

It is difficult to evaluate the value of goods carried across the border. Some 88% of Mozambican respondents provided answers to the question, but only four of the South African did so. Furthermore, it is difficult to assess the accuracy of the declared figures. However, they do suggest that these enterprises vary significantly in size; the value of goods ranging from less than R500 to R20 000 each trip. Just under 5% carried less than R1 000 worth of goods each trip. The majority (58%) carried goods worth between R1 000 and R5 000. Almost 15% carried goods worth over R5 000 and two traders transported loads worth more than R10 000. It is similarly difficult to estimate the profits made on each trip across the border. Most located their profits in the region of 15-40%.

Traveling the Maputo Corridor

No doubt because the research was undertaken there, the majority of Mozambican respondents in this study came from Maputo. An earlier study of cross-border traders travelling between Mozambique and neighbouring states, found that 76% lived in Mozambican border towns, 10% within 20km of the border, 5% in "foreign" border towns, and 9.6% in "distant places" in Mozambique and other countries (Macamo, 1998, p. 18). Most of the South African respondents in this study came from towns in the border area of Mpumalanga (57%). Others travelled from Gauteng (23%) and KwaZulu-Natal, the Northern Province and the Eastern Cape (17% in total).

The spatial patterns of informal trade suggest that the Maputo Corridor toll road plays, or could play, a significant part in their businesses. The primary source of goods for the largest proportion of traders in this study (53% of Mozambicans and 30% of South Africans) was Johannesburg – reached via Witbank and the toll-road (Table 3 and Figure 2). A significant number of traders (19% – all

TABLE 3: Places Where Traders Shop in South Africa.

Primary place of purchase	Mozambican Traders	South African Traders	Total
Johannesburg	54	9	63
Durban	24	–	24
Nelspruit & area	5	7	13
Komatipoort	10	–	10
Malelane	1	–	1
Mpumalanga	1	–	1
Hazyview & area	–	2	2
Nelspruit & Durban	3	–	3
Johannesburg & Durban	2	2	4
Nelspruit and Komatipoort	–	1	1
Nelspruit, Komatipoort, Messina	1	–	1
Kiepersol, Malelane, Nelspruit	–	1	1
Hazyview, Nelspruit, Lebombo	–	1	1
Tzaneen and Ntowakowa	–	1	1
Middelburg, Witbank, Midrand	–	1	1
n/a	–	5	5
Total	101	30	131

Note: places and manes as volunteered by respondents

TABLE 4: Other Places Cited by Respondents

Other places (# of mentions)	Mozambican Traders	South African Traders	Total
Swaziland	29	2	31
Durban	25	2	27
Nelspruit	15	3	18
Johannesburg	14	1	15
Komatipoort	6	2	8
Hazyview	–	2	2
Malelane	–	2	2
Eastern Cape	–	1	1
Midrand	–	1	1
Pretoria	–	1	1
Vivo	–	1	1
Zimbabwe	–	1	1
No answer	31	18	49

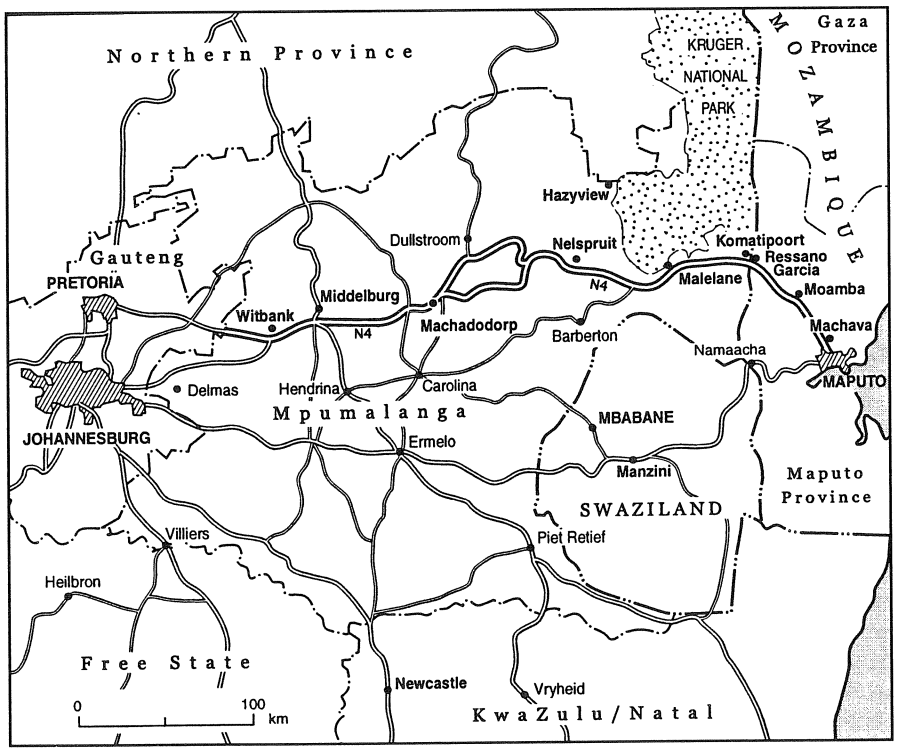

FIGURE 2: Maputo Corridor (N4) and significant towns in Mpumalanga and southern Mozambique used by traders

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Mozambican) picked Durban as their destination of first choice and almost 10% cited Nelspruit and the surrounding area - including farms. However, the spatial patterns of trade of these traders are complex and varied. Many traders not only choose between shopping in different towns and cities on different journeys, but even on the same journey. Some extend their choices across other borders to Swaziland and, more rarely, Zimbabwe (Table 4; Peberdy, 2000b). Decisions on where to shop are based on time and cost considerations.

The majority of traders purchase their trade goods from formal sector outlets through wholesale and retail outlets (Table 5; Peberdy, 2000b). Some 74% of Mozambicans and 43% of the South African traders buy from wholesale outlets in South Africa. Nearly a quarter of Mozambicans also frequent retailers of trade goods (Table 5).

TABLE 5: Source of Goods Bought in South Africa

Source of Goods	Mozambican Traders	South African Traders	Total
Wholesalers	74	13	87
Manufacturers	1	4	5
Retailers	21	6	37
Farms	6	8	14
Own shop	–	1	1
Informal sector	2	–	2
Cheapest places	5	3	8
No answer	1	8	9

Because the bulk of the research for this study was conducted in Maputo, the city was the destination of first choice (and home) in Mozambique for most traders that were interviewed. However, some traders do not get that far, selling at the border gate markets and in Ressano Garcia while others travel further, for instance to Xai Xai. A parallel pilot study conducted with cross-border traders in Beira suggests that (roads permitting) some traders travel from South Africa as far as Beira and further on to Zimbabwe and Malawi. In South Africa the destination of first choice was Gauteng, but those traders who lived in Mpumalanga sold goods bought in Mozambique in the towns and townships of the province.

Although most traders appear to have core outlets where they sell their goods, many sell in multiple places (Table 6; Peberdy, 1999; Peberdy, 2000b). The majority of respondents who sold goods in Mozambique sold them in retail and wholesale markets (although the number may be distorted as markets were specifically targetted by interviewers). Also important were sales to individuals through networks, orders, chance and at work. Significantly, 28% of respondents selling in Mozambique said that they sold goods to shops or restaurants in the formal sector. Interviews with 40 formal sector retail outlets in Maputo found 23% sourced their goods through informal cross-border traders while 68% of shop owners said they travelled to South Africa themselves to buy goods.

TABLE 6: Places Where Goods Are Sold in Mozambique

Places where Goods are sold in Mazambique	Mozambican Traders	South African Traders	Total
Markets	76	11	87
Individuals	24	18	42
Shops/restaurants	22	13	37
Street	8	6	14
At home/work	13	_	13
Orders	5	_	5
Other	_	6	6

The temporal pattern of trade of these small entrepreneurs varies widely – depending on the kinds of goods carried, personal and work commitments, as well as the length of time it takes to sell their stock (Table 7). Women appear to be the most frequent travelers; 42% of Mozambican women said they travelled to South Africa once or more a week as compared to only 14% of men. Traders buying and selling perishable goods (vegetables, fruit, meat, chicken and dairy products) and those selling low-value goods were the most frequent travelers. Significantly though, the two traders who carried the highest value of goods across the border (vegetables and fruit) traveled to South Africa twice a week.

TABLE 7: Frequency of Travel Across the Border

Frequency of Travel	Mozambican Respondents	South African Respondents	Total
Daily	1	5	6
More than once a week	13	12	25
Once a week	19	8	27
Three times a month	5	1	6
Two times a month	28	3	31
Once a month	12	1	13
Depends	18	-	18
Not answered	5	-	5
Total	101	30	131

Traders use a variety of transportation to travel to and fro between the two countries – often combining two forms of transport in one journey (Table 8). A common pattern, particularly for women from Mozambique, appears to be to take mini-bus taxis (or *chapas*) to the border and then to take the train from Komatipoort to Johannesburg. Some 57% of Mozambicans (61% of women and 48% of men) said that they took the train to South Africa. Some choose taxis to go to South Africa because they are quick, but return on the train (or less often on buses, and in hired vehicles) with their goods. Thus, 63% of Mozambican respondents (68% of women) said that they took the train on the return journey to South Africa. Even though the train journey is long (about 12 hours between Johannesburg and Komatipoort) it is seen as cheap, convenient and safe. As important, it travels overnight, thus saving on accommodation costs while allowing traders a whole day to shop in Johannesburg. The train provides significant competition for the toll road. Driver and de Barros (1999, p. 21) state that between 77% and 86% of passengers on the train are "small scale traders or businesses."

TABLE 8: Kinds of transport used by Mozambican traders

Kind of transport	Journey to South Africa	Journey to Mazambique
Train	58	65
Taxi	27	17
Hired truck	9	14
Bus	6	9
Van	–	2
Own car	2	2
Truck	1	1

The majority of those traveling by road use mini-bus taxis or chapas which is the transport method of choice for 27% (and second choice of 23%) of Mozambican traders traveling to South Africa. Preference for taxis is based on their frequency and speed of travel. On the return journey only 14% of respondents use taxis as transport of first choice, but 32% cite it as their alternative form of transport. On the return journey, traders are concerned with the safe

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and effective transport of goods, and hence make greater use of the train and buses. A significant number of respondents (17%) said they hired lorries and vans to transport their goods back to Mozambique. Buses were only used by one person on the outward journey but by nine respondents on the way back to Mozambique. Thus, although the majority of traders use the train, road transport is still important to the way they conduct their business, and traders certainly contribute significantly to the use of the road and the tolls collected.

Thinking about the Corridor

Policy documents on the Maputo Corridor SDI make little mention of informal cross-border trade. The small entrepreneurs involved in this business are somewhat better informed about the SDI (Table 8). Just over three-quarters of Mozambican traders said they had heard of the Maputo Corridor SDI. When asked what they knew about it, just over half mentioned the upgrading of the road between Maputo and Witbank (Table 9). Only 7% of respondents said that the SDI was related to stimulating economic growth and business between South Africa and Mozambique and two said that it was a means to improve trade relations between the two countries.

TABLE 9: Mozambican Respondents Who Had Heard of the Maputo Corridor SDI

Heard of SDI	Total
Yes	76
No	23
No answer	2
Total	101

TABLE 10: Knowledge of the purpose of the Maputo Corridor SDI

What was known	Total
Road improvement/construction/expansion	50
Toll-gates	1
Increase economic growth and business between SA and Mozambique	7
Improve trade relations between SA and Mozambique	2
Very little	11
Don't know	8
No Answer	22
Total	101

Traders were also asked if they thought the Maputo Corridor SDI would affect their businesses. Some 60% of Mozambican interviewees said they thought it would, and two respondents said they thought it would not, while the remainder said they did not know or did not respond to the question. When asked how it would affect their businesses, 43% said they thought it would make it easier and quicker to travel to South Africa, and for some, allow them to make more journeys (Table 10). Almost 12% said they thought it would help them find new clients and business opportunities and/or improve the economy and mean new development. Only seven respondents said they thought it would increase the costs of transport and goods. Two Mozambican respondents (one male, one female) said that they thought the SDI and the road would be "only going to benefit people involved in big business."

Yet, when asked, the traders were uniformly negative about the imposition of tolls and the effect on their business. Toll plazas are now in place at Middelburg (from December 1998), Machadadorp (May 1999), and Nkomazi (July 1999) (Figure 2). At present the journey from Witbank to Komatipoort costs R71.00 for light vehicles, R164.00 for medium heavy vehicles, R245.00 for large heavy vehicles, and R342.50 for extra-large heavy vehicles (Driver and de Barros, 1999, p. 24). The planned toll plaza to be located at Moamba between Ressano Garcia and Komatipoort was not yet operational at the time of interview. Those who travelled only between Maputo and the border area would therefore not have been affected by the introduction of tolls. Some 68% of Mozambican interviewees said they thought that tolls had or would affect their business negatively; only two said they would have no effect. The majority (53%) said they thought that transport costs would rise or already had and would thus affect their profits (Table 12). Seven respondents said that they would not really be affected as they used other transport (train) or other roads, for instance, through Swaziland.

TABLE 11: Perceived Impacts of the Maputo Corridor

Ways SDI will affect business	Total
Easier/quicker travel	43
New business opportunities/clients	9
Improve economy/development/infrastructure	3
Provide jobs	1
Increase costs of transport and goods	7
Other	3
Don't know	12
Not answered	23
Total	101

TABLE 12: Perceived Impact of Tolls on Businesses of Mozambican Traders

How tolls will affect business	Total
Increase costs of transport/food	54
Take more time	1
Roads need maintenance	2
Not affected - use other transport/roads	7
Don't know	3
Not answered	25
Total	101

Crossing the Border

A considerable volume of both freight and passenger traffic passes through the Lebombo border posts between South Africa and Mozambique. On average 800 vehicles pass through the border each day (Driver and de Barros, 1999, p. 19). In May 1999, the Mozambican authorities recorded just over 45 000 people passing through the border each way (or 90 911 in total), including a significant proportion of miners (37% of those entering Mozambique and 42% of those leaving). Other reports suggest that on average 20 000-26 000 people pass through the border post each month (de Beer *et al.*, 1998: 6; Hilton-Barber and Schneider, 1999). At present the border posts sit on either side of the Komati River. The posts are small, and bottlenecks arise at peak traffic hours. Estimates of the average length of time taken to pass through the border range from one and a half hours to six hours (Driver and de Barros, 1999, p. 11).

As part of the Maputo Corridor SDI and the "Borderlands" initiative there are plans to up-grade the border post with the aim of easing congestion and speeding the flow of traffic. The plans include the introduction of a "one-stop" twenty-four hour border post. The "one-stop" border post means that South African and Mozambican customs and immigration will be located at one point rather than two, as at present. Other suggestions include introducing clearance facilities for heavy freight at the port in

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Maputo and locations away from the border so it can move more freely; to separate private and commercial vehicles as they pass through the border; a "pre-clearance" system to reduce services provided at border; and to move towards a system which minimises the filling in of forms and stamping of passports (de Beer *et al.*, 1998, p. 24; Schneider, 1999b).

The plans for the new border facility suggest a focus on facilitating the movement of large volume freight and tourists or individual travelers. Again, little, if any, mention is made in policy documents of the impact on, or activities of, small entrepreneurs involved in cross-border trade – although it is likely that they form a significant part of traffic through the Lebombo border (see de Beer *et al.*, 1998; Driver and de Barros, 1999). Yet, the interviewees in this study found that crossing borders affects their businesses and profit margins. Traders were affected by immigration (visa) requirements, customs and excise regulations, and in Mozambique by the police after they had passed through the border.

The biggest problem for traders with the immigration authorities appears to arise when obtaining a visa rather than when passing through the border post. Both South African and Mozambican traders were generally positive about their interactions with immigration officials at the border. This suggests that they usually travel with legal documents; only four respondents (two Mozambicans and two South Africans) said that they have been asked to pay bribes in the past. Although traders were not asked directly if they had a visa, their responses to a question on the visa application processes of both countries confirms that most – and possibly all – held valid visas. Interviewees were familiar with the system, knew about the current cost of visas and the documents required for a successful application. Their stories of their experiences when applying for a visa suggest that they are regular applicants. Although some said that getting a visa was not a problem many identified the cost of the visa and the documents required to get a visa as obstacles. The cost of the visa is a significant drain on their businesses, even though regular traders are issued with multiple entry permits As one woman trader noted: "The fee charged, R180, is very high and doesn't go to the Mozambican collectors of revenue. It benefits the people of South Africa and yet we buy more goods in South Africa than they do here. We, business people, should be granted or eligible for a free visa."

Others, particularly the South Africans, were frustrated by the length of the visas issued – which requires them to expend more money and time in renewing their visas. As one pointed out, "This [getting a visa] is a big problem. We need one year renewable visas instead of the three month one we are now given." Obtaining the correct documents to enable legal passage through the borders is, it seems, a significant drain on their time and money. Yet most are prepared to suffer the inconvenience and cost in order to remain legal. Given the presumption in South Africa that all Mozambicans are in the country "illegally" this is a significant finding.

More problematic, on both sides of the border, is the levying of customs duties. The major problem faced by traders lies in their interactions with customs and excise officials who collect customs duties. Customs duties are high, particularly on the Mozambican side. Perhaps because most of the traders are carrying "luxury goods", traders are charged duties of 52% of the value of their goods on the Mozambican side. On the South African side, customs duties are levied at charges which vary according to the kinds of goods being carried. Customs duties, particularly those levied on the Mozambican side of the border, represent a considerable cost to these small entrepreneurs. The rates charged open opportunities for venality amongst officials.

Despite the high charges, and apparent widespread corruption at the border, all but three of the Mozambican and South African respondents said that they paid some of the duties charged by Mozambican customs. But an alarming 71% of Mozambican and 58% of South African traders said they paid bribes to customs officials so that they do not have to pay all the duties owing. These traders said they pay duties on part of their goods to get a customs receipt, but then pay officials bribes to let the rest of the goods pass without duties. One respondent described the arrangement as follows: "For instance, if you have 50 boxes of *Cerelac* you can pay for 20 at customs and give some money to the officer who checks your luggage." When asked why they paid bribes, some said it was because customs officials are greedy and corrupt, but more often it was described as a mutually beneficial, if undesirable, arrangement which enabled traders to reduce their costs and even stay in business.

Some traders suggested that the arrangement was not always mutual and that at times customs officials use threats to extort bribes. As one noted: "They charge us per pair [of shoes] . . . We buy in warehouses where prices are lower, but customs officials say we have changed or forged the prices on receipts and then charge us bribes." A few said that they never pay customs duties. Many said that if they paid full duties they would go out of business; but a significant proportion (31%) said, without being asked, that they would pay duties and would not need to bribe officials if duties were set at a lower rate. As one noted: "If the government lowered the customs tax we'd no longer enrich customs officers and the government would get a lot more than now."

As only thirteen respondents said they carried goods into South Africa it is not possible to draw any firm conclusions about duties and bribes collected on the South African side. However, of these, all but three said they paid duties and nearly half said that they paid bribes to South African customs officials to escape paying duties or paying for all duties owing.

Cross-border traders, particularly those traveling the toll-road also run the gauntlet of police roadblocks. On the Mozambican side, there are several police check points on the road to Maputo. Interviewees were asked about their interactions with the police in both countries. Some 77% gave positive responses when asked how they were treated by the South African police, although three respondents said some were "racist." However, only 32% of respondents said the Mozambican police treated them well. This negative attitude to the Mozambican police appears to have its roots in venal behaviour among certain members of the Mozambican police force. Some 53% of traders said that they paid bribes to the Mozambican police. It seems that the Mozambican police check customs receipts and the goods carried by traders and threaten to take them back to the border, to the police station, or to confiscate their goods if they do not pay bribes. Most traders commented on the ways that the police try to exact bribes on the road from the border to Maputo. Others accused them of outright theft. Others suggested that the Mozambican police they encounter on their journey down the corridor are physically threatening and abusive. Rail passengers do not appear to be exempt from Mozambican police corruption either.

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Some traders said that the police wait at the train station when they collect their goods to stop them and extort money.

Although two of the major drains on the time and resources of these traders are not directly related to the SDI, i.e., visas and customs duties, they suggest a need to ensure that development policy frameworks look outside the immediate policy issues to wider policies which may affect the use of the corridor. Problems faced by traders with the Mozambican police indicate that policing of the road needs to be carefully monitored and scrutinised.

Improving Border Crossings

As regular users, interviewees were asked what they thought could be done to help their movement across the border. The most common responses of Mozambican interviewees related to customs procedures (Table 12). Almost a third of respondents (33%) said that customs duties should be reduced. Another 10% indicated that customs charges and procedures are unclear and inconsistent and suggested that they should be clarified. Others complained of the use of Crown Agents (a British company which manages the activities of Customs and Excise on the Mozambican side of the border), saying that control of the border should be returned to Mozambican authorities.

TABLE 12: Suggestions of Mozambican traders for improving border crossing

Measures to improve crossing the border	Number of respondents*
Reduce customs taxes	33
Stop using Crown Agents	11
Clarify customs charges & procedures	10
Get rid of visas/free transit	22
Lower cost/ facilitate the processing of visas	5
Free entrance without passports	1
Improve border service	8
Merge the two border gates to one border	7
Re-open the railway between Durban & Maputo	4
Open route to Durban via Ponto d'Ouro	3
Other	5
Don't know/not answered	17

* Responses add up to more than 101 as some gave more than one answer

The second most common suggestion to improve crossing the border revolved around visas. Some 22% said that visas should be abolished and/or they should be allowed "free transit" across the border. Another five respondents (5.0%) said that the cost of visas should be reduced and the application procedures simplified. Interestingly, most seemed to see a need for passports; only one said that free entrance without passports should be allowed. Some argued that two border gates were redundant and that service should be improved. Most appeared to be referring to the Mozambican side, as several suggested that the Mozambicans should learn from the South African operation. As one trader said, "the Mozambican side need to learn from the South African side how to better improve procedures."

Traders who normally traveled to Durban were largely frustrated by the closure of the train service to Durban, and that the quickest way to Durban from Maputo now means passing through Swaziland. This means traders must buy a visa for Swaziland and South Africa. Others suggested that a route to Durban be opened via Ponte d' Ouro.

Conclusion

The evidence in this study suggests that small entrepreneurs are active in informal sector cross-border trade and contribute to trade flows between South Africa and Mozambique. Informal patterns of trade in many ways mirror those of formal sector trade. Trade imbalance is as much a feature of informal as formal trade, with significantly more goods being carried to Mozambique from South Africa than vice-versa. The kinds of goods traded also mirror patterns of formal sector trade. As small entrepreneurs, the businesses of these traders support a substantive number of dependents, children, spouses, family members and employees.

The Maputo Corridor SDI is an economic development initiative based on a physical infrastructure centred around the toll-road, the railway, an improved border post at Lebombo and Mozal. Its objectives, among other things, are to promote local economic development and job creation, as well as trade between Mozambique and South Africa. The spatial and temporal patterns of trade of the entrepreneurs interviewed in this study suggest that they comprise a significant amount of traffic using the road, the railway and the border post.

Given the two governments' stated commitment to SMMEs as a vehicle for upliftment and job creation, it is difficult to understand why so little attention is paid to the activities of informal traders. Through their businesses, these traders support considerable numbers of people, and contribute significantly to regional trade relationships and economic development. The development of the toll-road between Witbank and Maputo is a key part of the Maputo Corridor SDI. Certainly, the toll-road will facilitate the businesses of these traders by making travel along the corridor faster and safer. Improvements to the border post will, it seems, speed-up passage through the border. However, and perhaps because their needs were not identified, the Maputo Corridor SDI may also have a negative effect on the activities of these traders as tolls represent a significant cost to their businesses. Furthermore, unless other regulations and rules are changed, particularly those relating to immigration and customs and excise, this study suggests that the SDI will do little to facilitate the activities of these entrepreneurs.

Thus, the study suggests, first, that policy makers concerned with regional trade and development should take cognizance of the activities of entrepreneurs involved in informal cross-border trade. Second, that when developing policies in this area, other seemingly indirectly related border issues (such as immigration and customs and excise policies and corruption), should be carefully examined to enhance the overall effectiveness of policy initiatives. And finally, there is no question that informal sector cross-border trade should be facilitated and encouraged; in short, these invisible entrepreneurs need to be recognized for what they are.

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