

CHAPTER 8

The Trucking Market in Africa: Perceptions and Reality

The trucking survey helps clarify perception and reality regarding truckers' and trucking companies' views of the main factors influencing transport costs and prices. This understanding is useful for formulating and implementing trucking market reforms.

Two factors often mentioned as explanatory variables for the level of costs and prices are trade imbalance and thickness of the market. Regarding trade imbalance, the reality is that most companies are able to find return freight on the most important international corridors. Furthermore, countries with the most unbalanced trade flows, like Uganda, are able to get lower transport prices than Central African countries such as Cameroon and Chad (table 8.1).

The thinness or thickness of the market is probably not a major factor either, at least not compared to other factors such as the market competitiveness. The case of Zambia illustrates this point. Despite the fact that Zambia is a landlocked country and Cameroon a coastal country and that total traffic flows are lower in the former than in the latter, transport prices are much higher in Cameroon than in Zambia (table 8.2).

Data about trade imbalances and market thickness were discarded, or at least not taken seriously, by trucking companies and truckers surveyed for this study. Operators had a consensus that the main factors influencing

Table 8.1 Transport Prices and Trade Imbalance

	<i>Uganda</i>	<i>Cameroon</i>	<i>Chad</i>
Export/import imbalance (percent)	10	45	30
Average transport price (in U.S. cents per tkm)	8	10	11

Source: Ports data for exports/imports imbalance.

Table 8.2 Transport Prices and Trade Flows

	<i>Zambia</i>	<i>Cameroon</i>
Total traffic flows (in million metric tons per year)	4.1	6.1
Average transport price (in U.S. cents per tkm)	5–6	10

Source: Ports data for exports/imports imbalance.

their costs and prices were the price of fuel and the condition of roads. The actual impact of fuel prices and road conditions vary.

Fuel costs all over Africa are a legitimate concern inasmuch as they account for approximately 50 percent of total VOCs, a share that continues to grow with the surge in oil prices.

The impact of road conditions is less clear. Its perceived impact may be explained by the fact that answers to the survey do not seem to be well reasoned. For example, if road conditions were truly one of the main constraints for this industry, trucking companies and truckers should also be complaining about high vehicle maintenance and tire costs, because poor road conditions are known to increase maintenance costs. However, except in East Africa and in Ghana, concerns about road conditions are not linked with vehicle maintenance costs, which means that road condition may not be as critical as some truckers think (see table 8.3).

Moreover, truckers in Central Africa usually complain about the costs of corruption. The level of corruption is similar to that in West Africa, but it accounts for only a small fraction of operating costs. On the contrary, in East Africa, the perceived constraints seem to be very consistent with results of this study, probably because trucking professionalism is much higher than in Central and West Africa.

Equally interesting is that market regulation, freight allocation, and delays at the border were not identified as major constraints by truckers and heads of trucking companies. It is probably easy to explain this omission. The interviewed companies and truckers are beneficiaries of the current

Table 8.3 Main Perceived Constraints to the Trucking Industry
(percent)

<i>Region</i>	<i>Country</i>	<i>1st obstacle</i>	<i>2nd obstacle</i>	<i>3rd obstacle</i>
West Africa	Burkina Faso	Fuel cost, 98	Missing road links, 88	Road condition, 61
	Ghana	Fuel cost, 33	High maintenance cost, 27	Vehicle cost, 26
Central Africa	Cameroon	Fuel cost, 46	Road condition, 38	Corruption, 32
	Chad	Road condition, 76	Fuel cost, 72	Corruption, 70
East Africa	Kenya	Road condition, 87	Fuel cost, 54	High maintenance, 47
	Uganda	Fuel cost, 80	Road condition, 78	High maintenance, 62
Southern Africa	Zambia	Fuel cost, 66	Road condition, 36	Corruption, 36

Source: Trucking survey data and own calculations.

Table 8.4 Trucking Companies and Truckers Belonging to an Association
(percent)

<i>Country</i>	<i>All</i>	<i>Trucking companies</i>	<i>Truckers</i>
Burkina Faso	66	88	58
Ghana	67	53	71
Cameroon	36	76	25
Chad	76	86	74
Kenya	30	71	15
Uganda	39	65	32
Zambia	11	37	2

Source: Trucking survey data and own calculations.

system. They do not want more competition if some of them inevitably would be expelled from the market. In this regard, a proxy could be the membership of companies or truckers in a trucking association. It seems that in regulated environment, as in West and Central Africa, companies and truckers predominantly join a trucking association knowing that without this membership getting a load would be much more difficult. However, in a deregulated environment, as in East Africa, a membership is less important since sales depend on the individual professionalism of a company and not on being part of the existing system of cartels or truckers' association (see table 8.4).

