

## ***The intra-Africa non-tariff barrier dilemma – the challenges facing the AfCFTA approach***

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Although slowly increasing, intra-Africa trade remains low. In 2017, less than 20% of Africa's total exports and imports went to and from the rest of the continent. There are several explanations for this state of affairs: the dependence of African economies on commodity production and exports, a lack of diversification resulting in a mismatch between supply and demand, tariffs and non-tariff barriers (NTBs), inefficient transport infrastructure, poor trade logistics and high security risks. NTBs are another obstacle to intra-Africa trade. Infrastructural, policy and procedural constraints create trade bottlenecks – complex clearance procedures, cumbersome documentation requirements and unpredictable trade policies contribute to high intra-Africa trade costs.

Reductions in NTBs can increase economic growth and raise the volume of intra-Africa imports and exports and improve terms of trade across the continent. The EAC, SADC, COMESA, ECOWAS and UEMOA have initiated measures to address the NTB problem and the effect on intra-REC trade. Most notably are the COMESA-EAC-SADC and Borderless Alliance (for ECOWAS and UEMOA) NTBs Reporting, Monitoring and Eliminating mechanisms. These are online (web-based and short message service (SMS)) platforms which allow affected parties to report intra-REC NTBs. The complaints about reported NTBs are dealt with through a process involving numerous institutions; including national focal points, national monitoring committees and facilitators.

A similar mechanism is envisaged in Annex 5 of the AfCFTA. However, the AfCFTA NTB mechanism can only be utilised once NTB complaint procedures at REC level have been exhausted (and failed to provide a solution) or if an NTB complaint arises from trade between different RECs.

Although the current REC online platforms have increased awareness of the challenges posed by NTBs, the mechanisms have had limited success in addressing persistent and recurring barriers. They require policy changes and actual enforcement of REC commitments. Policy-related NTBs and those involving inadequate infrastructure and persistent bribery and corruption, are either recurring or non-actionable complaints. These systems do not provide for the effective resolution of such problems. Furthermore, the lead time between lodging of a complaint and the resolution thereof



can be long; these are not on-the-spot problem solving tools. The result is that some private-sector participants have been discouraged from using these systems; due to their inability to provide adequate and long-term solutions to specific NTB problems. The AfCFTA mechanism is bound to face similar challenges; the lead time issue could be exacerbated where the REC NTB online platform is the channel of first instance.

### **Box 1: NTBs constraining intra-Africa trade: some examples**

#### ***East African Community***

Intra-EAC trade continues to be constrained by NTBs such as unexpected changes in the rules and procedures for exporting goods; intra-EAC import bans of key commodities such as confectionery, cooking oils and fats, carrots, grains, sugar, milk and liquefied petroleum gas (LPG); the re-testing of goods prior to entry into specific markets and entry restrictions for textiles manufactured by firms in the Export Promotion Zones benefitting from national tax incentive schemes.<sup>1</sup>

#### ***Economic Community of West African States***

The ECOWAS Trade Liberalisation Scheme aims at ensuring the free flow of goods within this Regional Economic Community (REC), but various obstacles still undermine free intra-REC trade. These barriers include repetitive checkpoints, required illegal payments and harassment of traders and transporters, transit fees on goods exported via specific ports and inconsistency in weighbridge calibrations.<sup>2</sup>

#### ***Southern African Development Community***

Intra-SADC trade remains low (19% in 2017) due to tariffs, NTBs, underdeveloped trade-related infrastructure, weak manufacturing capacity, and poor implementation of trade commitments. The more prevalent NTBs include import permits, a resurgence in the requirement for pre-shipment inspections, discriminatory application of regulations, VAT on transit goods, inefficient border operations and unofficial roadblocks.<sup>3</sup>

#### ***Common Market for Eastern and Southern Africa***

Although COMESA has made progress in addressing some NTBs, intra-REC trade continues to be hampered by long-standing and recurring trade barriers. Barriers to intra-COMESA trade include pre-shipment inspections, lack of transparency and consistency in customs procedures and the lack of accepting Certificates of Conformity (COC) issued by local authorities regarding quality standards for export products.<sup>4</sup>

The effective implementation of the AfCFTA commitments (on trade facilitation, customs cooperation, transit, sanitary and phytosanitary measures and technical barriers to trade) and infrastructure development will determine how successful the AfCFTA NTB complaint mechanism will be. Without effective remedial action and better infrastructure, recurring and non-actionable NTBs will not be eliminated.

The AfCFTA's NTB complaint mechanism has the potential to highlight those NTB related aspects of intra-African trade policy and practice which pose obstacles to increasing intra-Africa trade. Trade policy changes, improved cross-border procedures and new remedial measures should follow. The AfCFTA State Parties should tackle these problems as a matter of urgency. The proposed arrangement is only a starting point.

<sup>1</sup> See <https://www.businessdailyafrica.com/economy/Tanzania-Kenya-trade-spat-defies-Sunday-truce-/3946234-40338-60-itmuqiz/index.html> and <https://www.theeastafrican.co.ke/business/Kenya-persistent-trade-spat-with-Tanzania/2560-4704854-mfkn3g/index.html>

<sup>2</sup> See <http://profab.hubrural.org/index.php/en/news/item/47-sikasso-roadshow-sikasso-trade-actors-in-concertation-to-remove-barriers-to-food-trade-within-west-africa> and <http://www.tradebarrierswa.org/>

<sup>3</sup> See <https://www.tralac.org/discussions/article/11962-intra-sadc-trade-remains-limited-how-can-it-be-boosted.html> and <https://www.tradebarriers.org/>

<sup>4</sup> See <https://www.tralac.org/news/article/13504-comesa-trade-experts-propose-sanctions-on-member-states-introducing-new-ntbs.html> and <https://www.tradebarriers.org/>