

Trade facilitation and the African Continental Free Trade Area

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Trade facilitation (TF) entails the simplification, modernisation and harmonisation of import and export procedures. TF is critical for enhancing Africa's competitiveness. However, Africa is still lagging in TF. Bureaucratic delays and red tape, corruption and inefficiencies at borders are common in Africa. These issues increase the costs and time of doing business across the continent thereby inhibiting intra and inter-regional trade. The African Development Bank has recently reported that trade costs are falling everywhere but more slowly for Africa.¹

Several TF initiatives have already been adopted in Africa. Yet, they have not gone far enough to eliminate non-tariff and other barriers to trade on the continent. More is still required with regards to governance. Improvement in TF governance would significantly boost intra-African trade and reduce trade costs and time within Africa. Technology is needed to enhance efficiency at the borders and do away with outdated systematic and cumbersome international trade procedures.

TF is vital for the realisation of the African Continental Free Trade Area's (AfCFTA) ambitious objective of increasing intra-African trade flows. UNECA projects that with enhanced TF, the AfCFTA would increase intra-African trade by 21.9% of total trade of Africa by 2022.² Equally, UNCTAD estimates that if improvement in TF is realised within the AfCFTA, US\$85 billion would be added to intra-African trade; and this would represent a 128.4% increase by 2022.³

TF has been dealt with in the Agreement establishing the AfCFTA. The Protocol on Trade in Goods of the AfCFTA Agreement contains two annexes dedicated to TF: Annex 3 on Customs Co-operation and Mutual Administrative Assistance; and Annex 4 on Trade Facilitation.

Annex 3 covers state parties' cooperation in all areas of customs administration. Annex 4 deals with the simplification and harmonisation of international trade procedures and logistics to expedite importation, exportation and transit processes. Annex 4 thus aims to expedite the movement, clearance and release of goods including goods in transit across borders within state parties.

The private sector operators (i.e. importers, exporters, service providers) are amongst the most significant beneficiaries from improved TF. The private sector should be able to



access effective remedies when affected by non-tariff barriers of a state party. Disputes between the state parties arising out of or relating to the interpretation or application of any provision of the Annexes 3 and 4 will be resolved in accordance with the AfCFTA Protocol on Rules and Procedures on the Settlement of Disputes. Private parties do not, in their own right, have access to the dispute settlement mechanism under the AfCFTA Agreement. Should traders/firms encounter problems because of non-tariff barriers imposed by a state party violating the AfCFTA TF obligations, their home states should act on their behalf.

COMESA, EAC and SADC are presently implementing a web-based non-tariff barrier reporting, monitoring and eliminating mechanism which incorporates concrete timelines for the removal of NTBs. The mechanism enables stakeholders to report and monitor the resolution of barriers encountered as they conduct their business in the COMESA, EAC and SADC regions. Though important in enhancing transparency on reporting and identifying NTBs and NTMs, there is more that needs to be done. In particular, with respect to moving beyond a reporting system to one which will resolve issues in a binding manner. If this systemic problem is not addressed under the AfCFTA, the same type of problem will appear again, to different freighters etc.

Annexes 3 and 4 provide for the establishment of a Sub-Committee on Trade Facilitation, Customs Co-operation and Transit, and require state parties to establish/maintain National Trade Facilitation Committees to facilitate both domestic coordination and implementation of the provisions of this Annex. These Committees could be necessary in the effective implementation, compliance and enforcement of TF obligations but are not endowed with such powers.

For the AfCFTA TF benefits to materialise, state parties should be serious about implementing their TF obligations or fulfilling their duties under the AfCFTA Agreement. Access to TF relation information is important. State parties must implement TF awareness strategies for the private sector. State parties' customs authorities/agencies should be capacitated and coordinated. This would go a long way in improving TF governance in Africa and leveraging AfCFTA benefits.

¹ See https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf

² See https://www.uneca.org/sites/default/files/PublicationFiles/aria5_print_uneca_fin_20_july_1.pdf

³ See UNCTAD. 2016. *African Continental Free Trade Area: Policy and Negotiation Options for Trade in Goods*. <http://bit.ly/2hw04J7>