

## **TRALAC Annual Conference**

***Lessons from COVID-19 – what  
needs to be done to facilitate  
Africa's trade?***

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# Overview

- Introduction of the TFA
- Benefits of the TFA
- Status of implementation of TFA for Africa
- Challenges for TFA implementation
- Policy Recommendations Post-COVID 19



# Introduction of the Trade Facilitation Agreement



- The TFA is the FIRST and ONLY multilateral agreement since the establishment of the WTO in 1995.
- Entered into force in 2017
- Self-designation- Flexibilities for Africa 3 categories commitments
- Agreement- Section I- 12 Articles- 36 measures
  - ***Transparency related***
  - ***Customs procedures to help expedite the release and clearance of goods***
  - ***Freedom of transit*** which is particularly important to 16 African landlocked countries

# Benefits of the TFA- COVID 19



- **Trade Facilitation regulates behind the border measures** – those which aim to lower transaction costs or trade costs such as red tape, cumbersome customs procedures etc.
- **Full implementation of the TFA's 36 measures can generate USD 1 trillion** in additional global trade each year and could *potentially reduce trade costs by 14% for African countries* and *potential to increase African exports by 35%- (WTO 2015)*
- TF reforms are crucial to **Africa's export diversification efforts, integration into regional and global value chains, and promote investment.**
- In the context of the COVID-19 pandemic, implementation of TF measures helped:
  - Prioritization of customs clearance for COVID-19 goods.
  - Establishing special procedures to further expedite consignments of medical equipment/pharmaceuticals to authorized operators.
  - Accepting the electronic submission of documents for pre-arrival processing.
  - Simplification of import and export forms.
  - Implementing green lanes under the guidelines for border management measures to protect health and ensure the availability of goods and essential services.

# Status of implementation of the TFA in Africa



- 40 out of 44 WTO African Members have ratified the TFA and almost all have notified to the WTO their implementation commitments.
- **Implementation rate of African countries to date is around 37%**, with over 60% of measures not yet implemented. (23% require more time and 40% require TACB and time)

While this reflects African countries' overall positive engagement in the ratification and implementation of the Agreement, the measures which have not been implemented yet and require more time and TACB are the ones with the most benefits to African traders/authorities:

- **Transparency related measures and Enquiry points ( 15-18%)**
- **Risk management (19%)**
- **Authorized operators (18.2%).**
- **Border agency coordination (16.3%)**
- **Single Window (4.5%)**
- **Dates for implementation range between 2030 to 2038.**

# Challenges for TFA implementation



- According to the world bank, no country is starting from scratch- much donor support has already been provided or is in the pipeline for TF reforms.
- While some measures require a lot of financial and technical assistance and capacity building, many measures require soft assistance like awareness raising and updating of legislation and procedures

There are implementation challenges that are **not resolved** with TACB:

- competition between government agencies
- poor public-private partnership
- lack of coordination between agencies on the national or regional level
- a lack of sustained political will and commitment to change.

# Policy recommendations- Post-COVID 19



- 1) **African ownership is paramount:** embrace the TFA as part of a pro-trade development agenda with the aim of improving business and trading environment and attract investment.
  - implementation of the measures needs to happen sooner rather than later if Africa wants to trade on the continent as of January 2020.
  - Implementation is crucial to Africa's recovery plan post-pandemic.
  - TF measures will be implemented once- synergies meaning that African traders will benefit when they trade with their neighbours regionally, on the continent (AfCFTA) and internationally.
  
- 2) **Engage with the business community** in the process- they are the main stakeholders
  
- 3) **Go DIGITAL!- Digital Trade is the future for Africa**
  
- 4) **Support from international partners and donors** needs to be well-coordinated and part of comprehensive implementation plans whereby **sequencing of implementation** is taken into account- ex. BAC and SW- RM and PAC/PCA.
  - Make use of the WTO Trade Facilitation Agreement Facility to request technical assistance
  
- 5) **Acknowledge that in any reform process there are winners and losers**, this is also the case for TF reforms- support and adjustments will need to be made.