The Impact of Trade Facilitation on Regional Value Chains Development in Central Africa

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Introduction

Central Africa, despite its vast resources, faces challenges in participating in intra-regional trade. However, trade facilitation measures offer a promising path to boost regional economic development. This presentation sets the stage for a deeper exploration of how trade facilitation can be a catalyst for unlocking the potential of regional value chains in Central Africa.

Stronger RVCs in Central Africa can position the region to better integrate into global production chains.
Understanding Regional Value Chains (RVCs) & Trade Facilitation (TF)

• Regional Value Chains (RVCs) - a localised form of a global value chain (GVC) - are a form of trade that involves a chain of intermediate products and services value addition from multiple contributing countries into a final product. The ‘regional’ variant refers to the component of the value chain that exists among countries confined to a specific geographical region, such as Africa.

• 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.
Promising Value Chains In Africa: Focus on ECCAS

Data analysis identified 94 promising, feasible value chains at the continental level. The diagnostic settled on four pilot strategic sectors:

- Pharmaceuticals value chain, with only 3% of imported inputs being sourced from Africa, a large trade deficit, high and increasing import dependency,

- Automotive value chain, with Cameroon & Gabon having input and Export potential of above $10 million on natural rubber.

- Cotton apparel value chain, with Cameroon, Central African Republic & Chad having inputs and Export potential on cotton not carded/combed;

- Infant foods value chain, with Cameroon having inputs and Export potential on Pineapple (fresh/dried), roots & tubes of manioc; Central African Republic on peaches, pears, papayas & Rwanda on Malt extract, Milk & cream, Mushrooms, Fresh Pepper etc.
ECCAS Countries Indicators on Regional Integration

With an overall score of 0.442, ECCAS member countries are moderately integrated in their region. Unlike most regional economic communities, ECCAS excels on the macroeconomic dimension. Like most regional economic communities, it lags on the productive and trade integration dimension.

The productive integration dimension uses three indicators to evaluate a country’s involvement in regional supply and value chains:

- The share of intra-regional intermediate exports;
- The share of intra-regional intermediate imports;
- The merchandise trade complementarity index;

Overall Scores of ECCAS Member Countries
ARIII-Report2019
ECCAS Countries Indicators on Trade Facilitation

Trade facilitation can be measure by the Logistics Performance Index which measures the ease, speed and simplicity of moving goods and services across the region. The World Bank’s (LPI) analyzes countries through six components:

• Customs;
• Infrastructure;
• International Shipments;
• Logistics Quality;
• Tracking and Tracing;
• Timeliness;

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The Effect of Trade Facilitation indicators on RVCs development in Central Africa

• Reduced trade costs: Streamlined procedures and efficient infrastructure lead to faster clearance times and lower costs for businesses, making regional trade more viable.

• Enhanced competitiveness: Trade facilitation measures allow Central African countries to participate more competitively in RVCs by improving efficiency and reducing production lead times.

• Promoting digital trade: Utilize technology to streamline trade processes and enhance transparency.

• Public-private partnerships: Foster collaboration between governments and businesses to address trade challenges
Conclusion

Realizing the full potential of trade facilitation and RVCs in ECCAS requires a collective effort from governments, the private sector, and regional institutions. Strengthening political will and commitment to regional integration is a critical first step.

ECCAS member states need to work together to implement coordinated trade facilitation reforms that address the challenges outlined earlier. Public-private partnerships can play a crucial role in mobilizing resources for infrastructure development, such as modernizing transport networks and upgrading border facilities.

Merci pour votre attention