

# Tariff and non-tariff trade costs

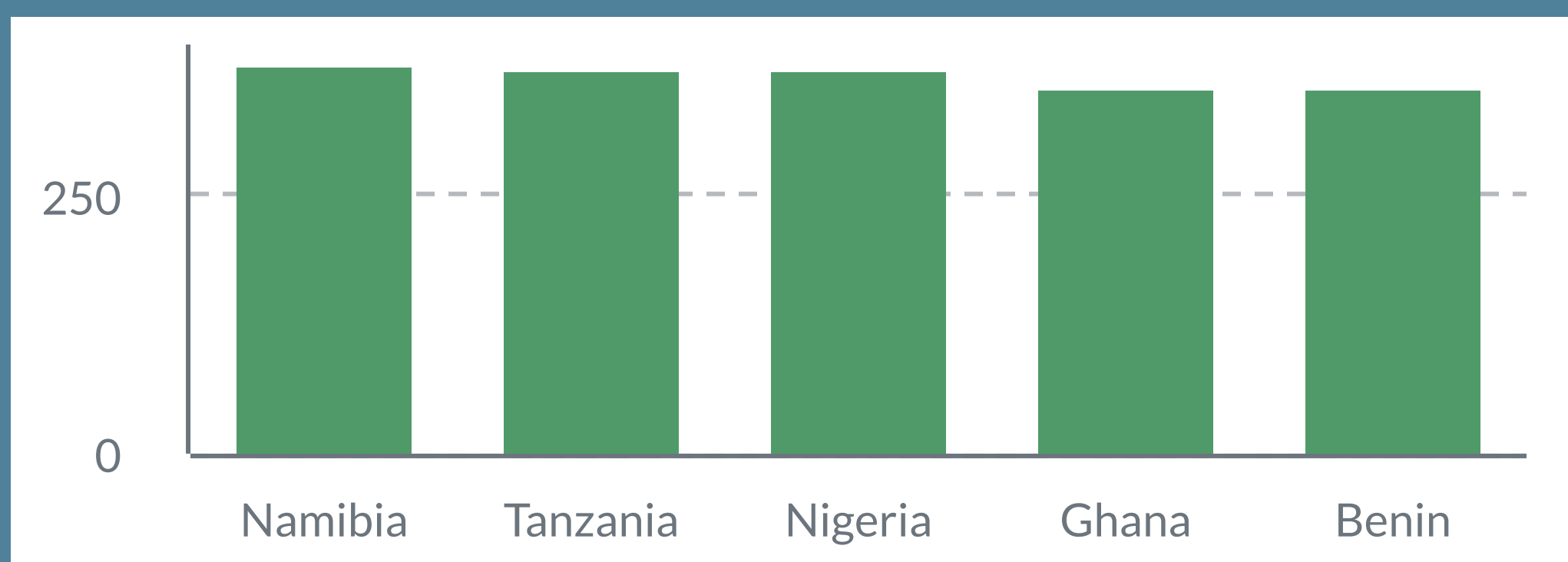
## AGRICULTURE



The bilateral costs for the trade in agricultural products are sourced from the ESCAP-World Bank trade cost database and include all costs involved in trading bilaterally between trade partners rather than domestically. These trade costs include the average tariff on agricultural trade between partners, transport costs, costs associated with completing trade procedures and the time it takes to obtain necessary information.

In 2017 the average non-tariff trade cost applicable to intra-Africa agricultural trade was only 3% lower than in 2016. However, the decline just brought the average back to 2015 levels. For tariffs, the average tariff cost applicable to intra-Africa agricultural trade is significantly lower than the non-tariff trade costs and there has hardly been any changes in tariff costs between 2016 and 2017.

Highest average non-tariff trade cost for intra-Africa agricultural trade (2017)

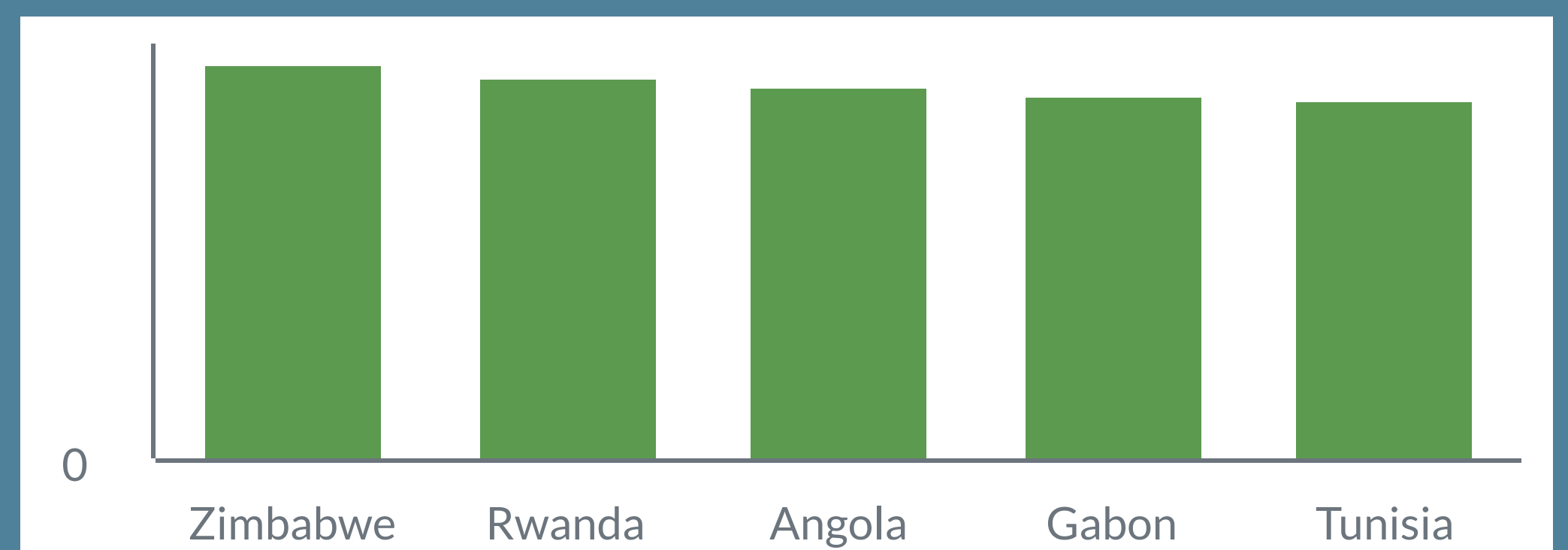


### Non-tariff trade costs

DRC, Zimbabwe & Burkina Faso showed the most significant decline in the average non-tariff trade cost, while intra-Africa agricultural trade with Malawi, Mauritius, Tanzania, Tunisia & Uganda was more costly in 2017 compared to 2016

For 2017 the countries with which intra-Africa agricultural trade was most costly were Namibia, Tanzania, Nigeria, Ghana & Benin

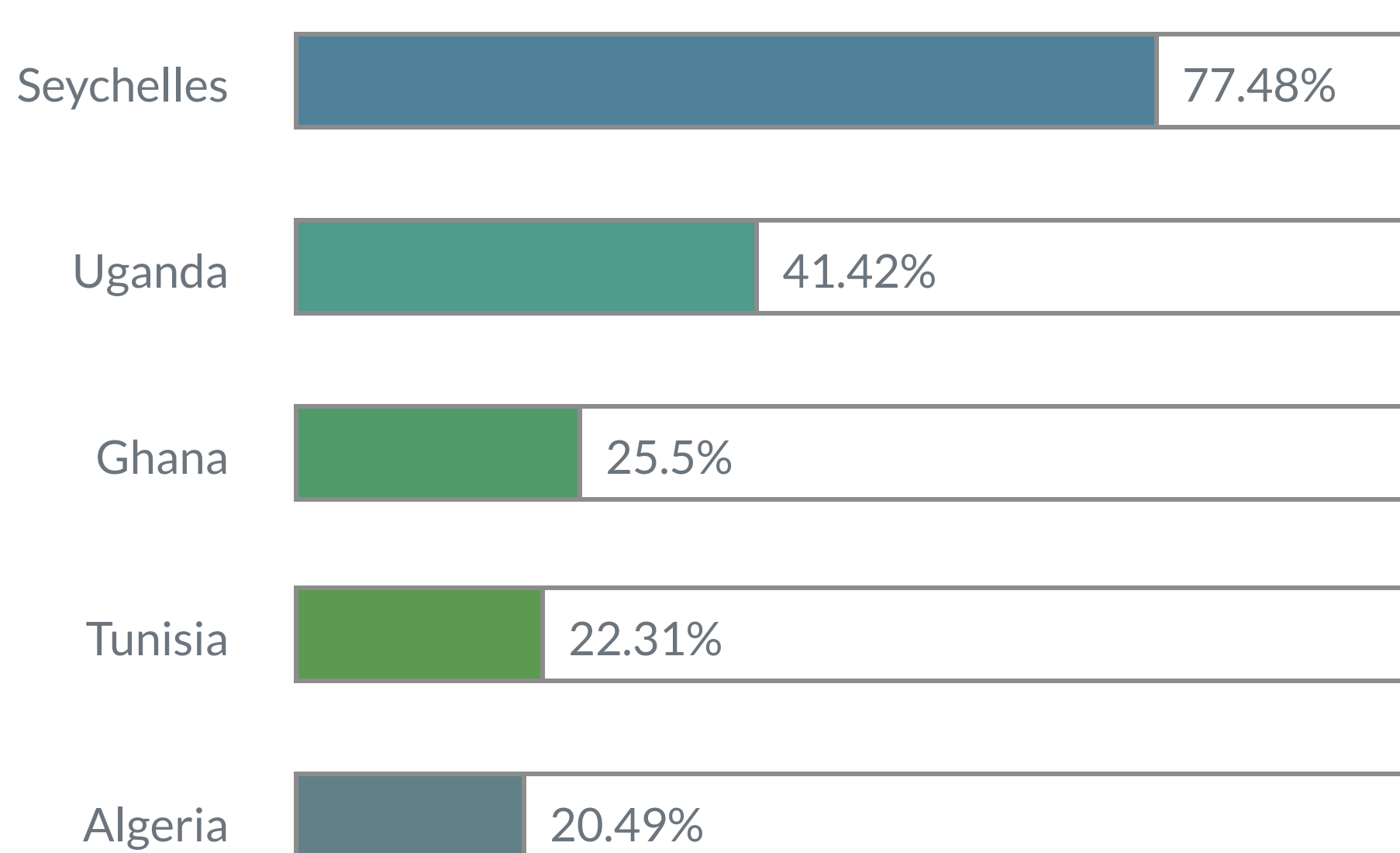
Highest average tariff trade cost for intra-Africa agricultural trade (excluding duty-free trade ; 2017)



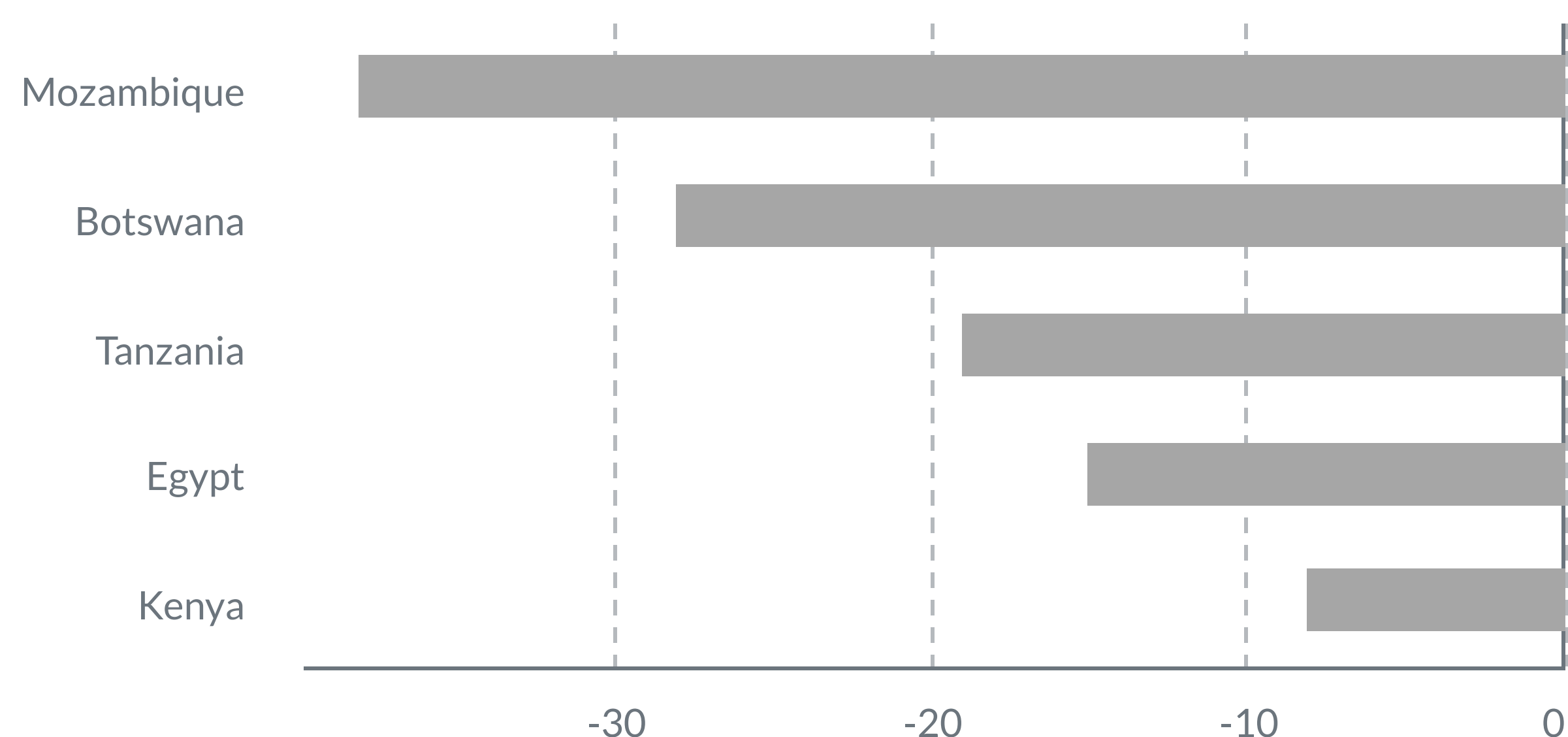
### Tariff trade costs

Including trade with countries where the average agriculture tariff cost is duty-free shows Angola, Gabon, Tunisia & Congo as the countries with the highest intra-Africa trade costs. However, excluding average duty-free tariff costs reveals Zimbabwe & Rwanda as the African countries with the highest average intra-Africa agricultural tariff costs.

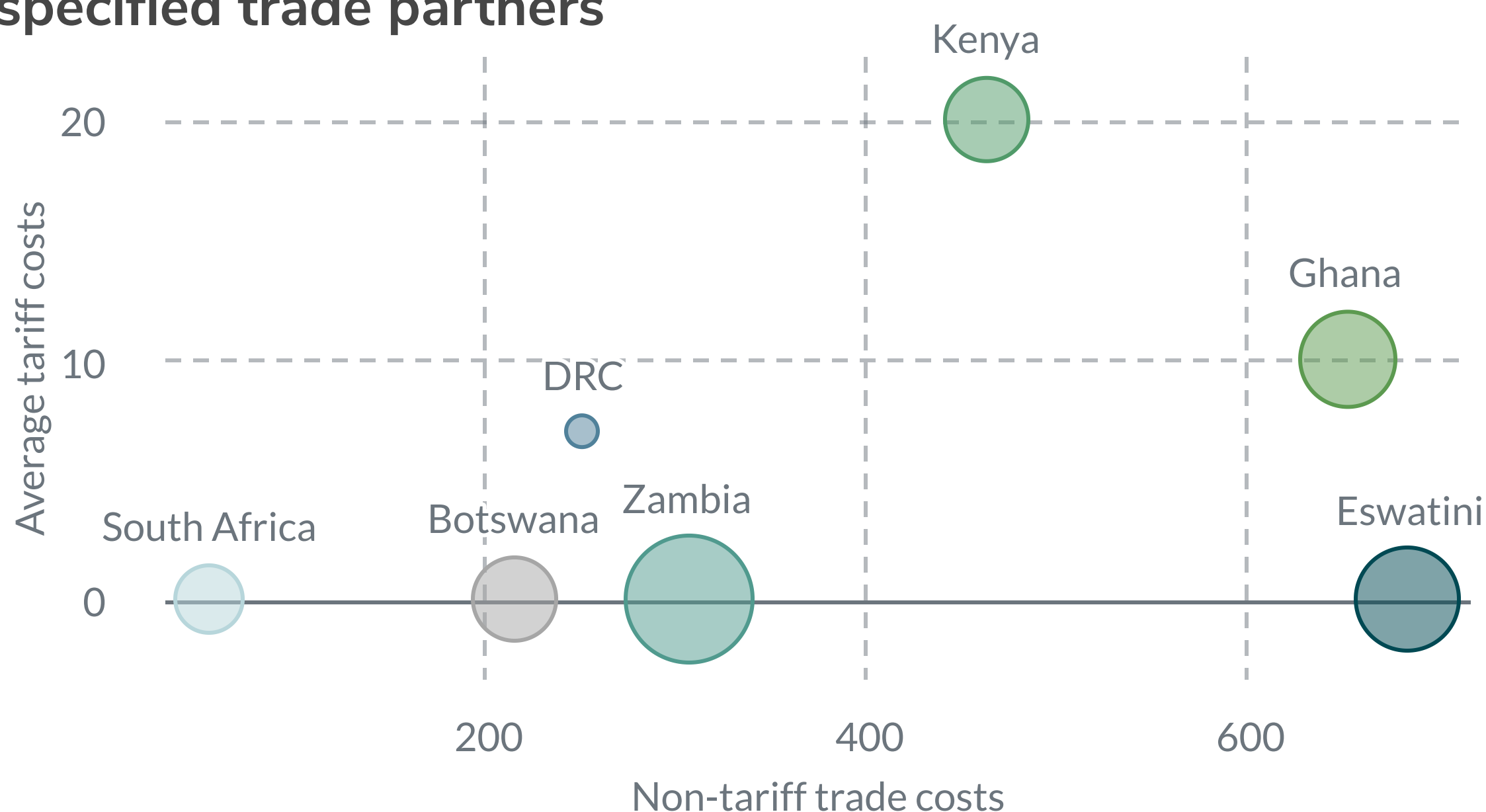
Average bilateral tariff between Zimbabwe and specified trade partners (2017)



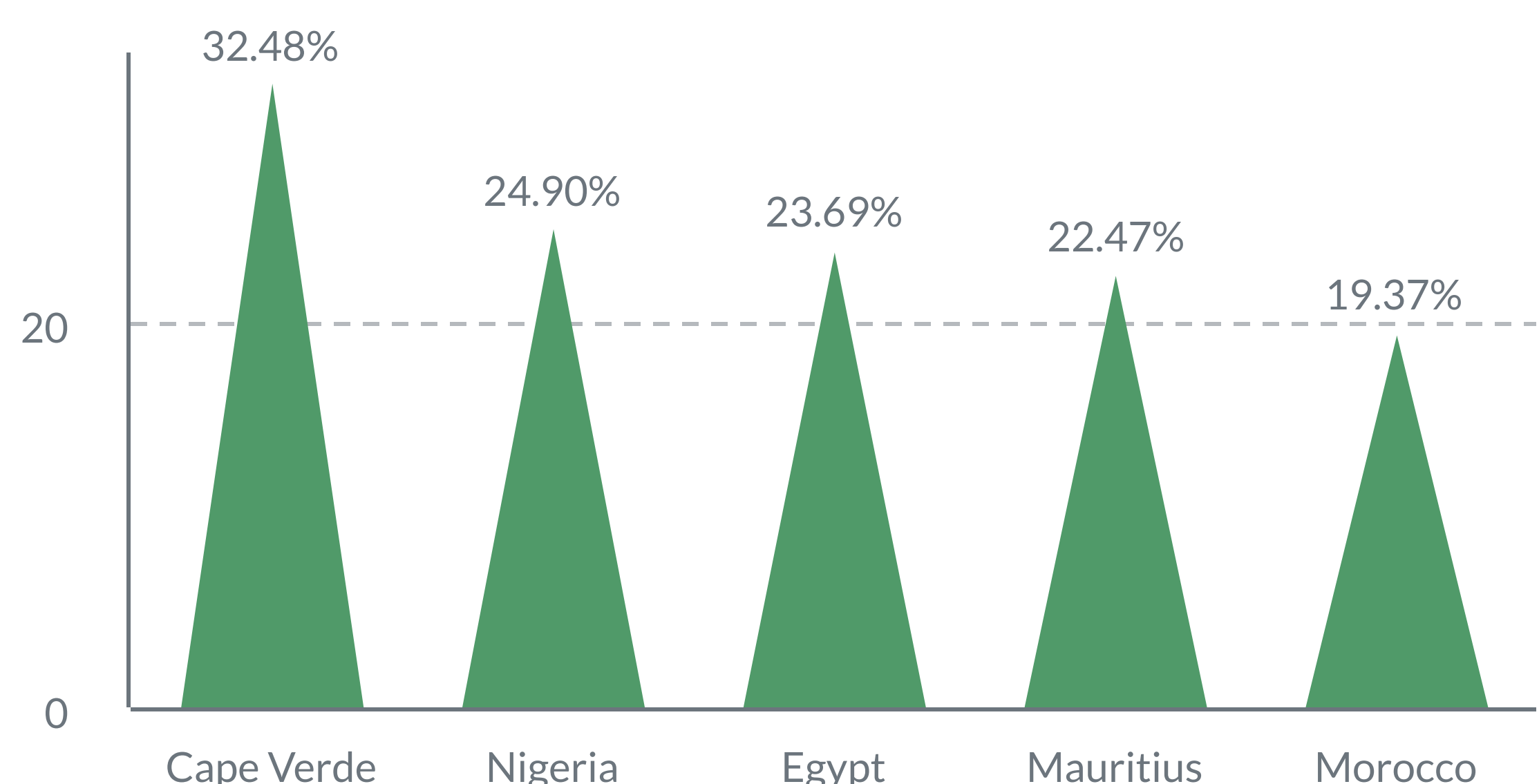
Most significant decline in non-tariff trade costs between Zimbabwe and specified trade partners (2016-2017)



Non-tariff versus tariff trade costs between Namibia and specified trade partners

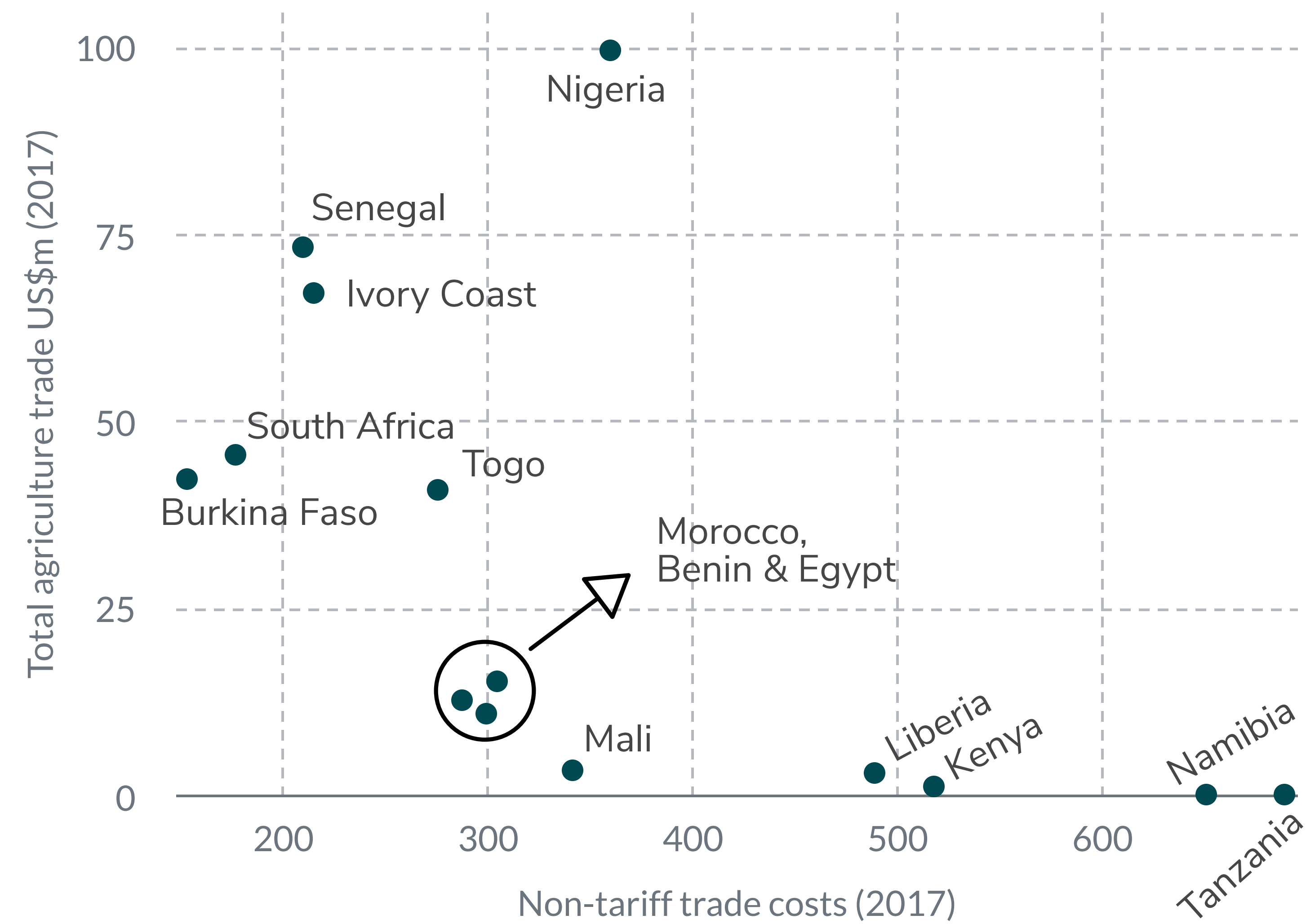


Average bilateral tariff between Angola and specified trade partners (2017)



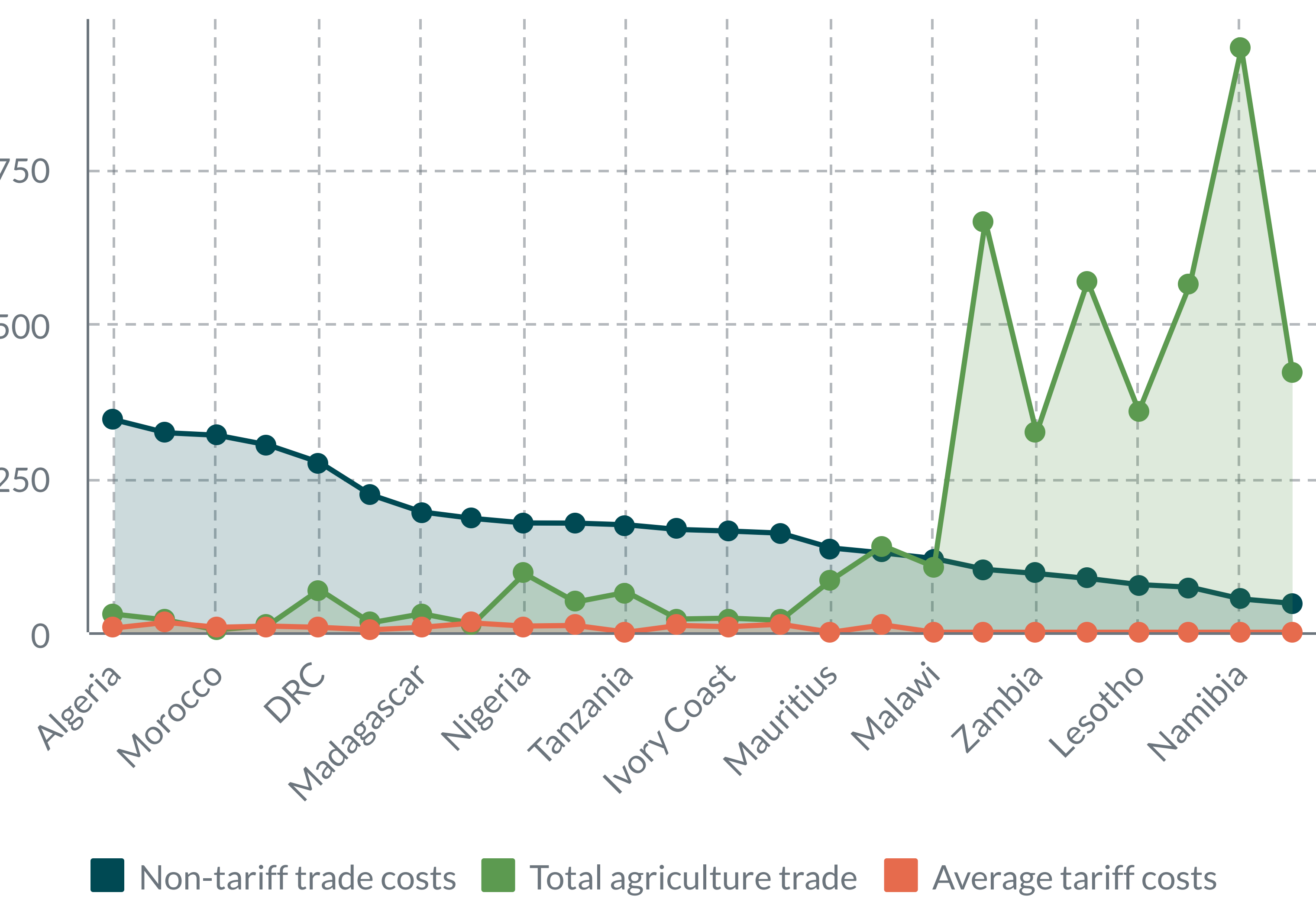


Non-tariff trade costs and total agriculture trade values for Ghana (2017)



The data shows that there is an inverse relationship between the value of bilateral intra-Africa agriculture trade and non-tariff trade costs. A comparison between the bilateral agriculture trade of Ghana and South Africa with the non-tariff trade costs associated with agriculture trade with corresponding countries shows the following pattern: in most cases high non-tariff trade costs are associated with low values of agriculture trade. In the case of Ghana non-tariff trade costs are highest for trade with Tanzania, Namibia, Kenya and Liberia. These are also the countries with whom Ghana has the lowest value of bilateral agriculture trade. In the case of South Africa a similar pattern is evident. Supply and demand factors explain some of the low values of trade, but also distance between markets and the cost, quality & method of transportation between markets.

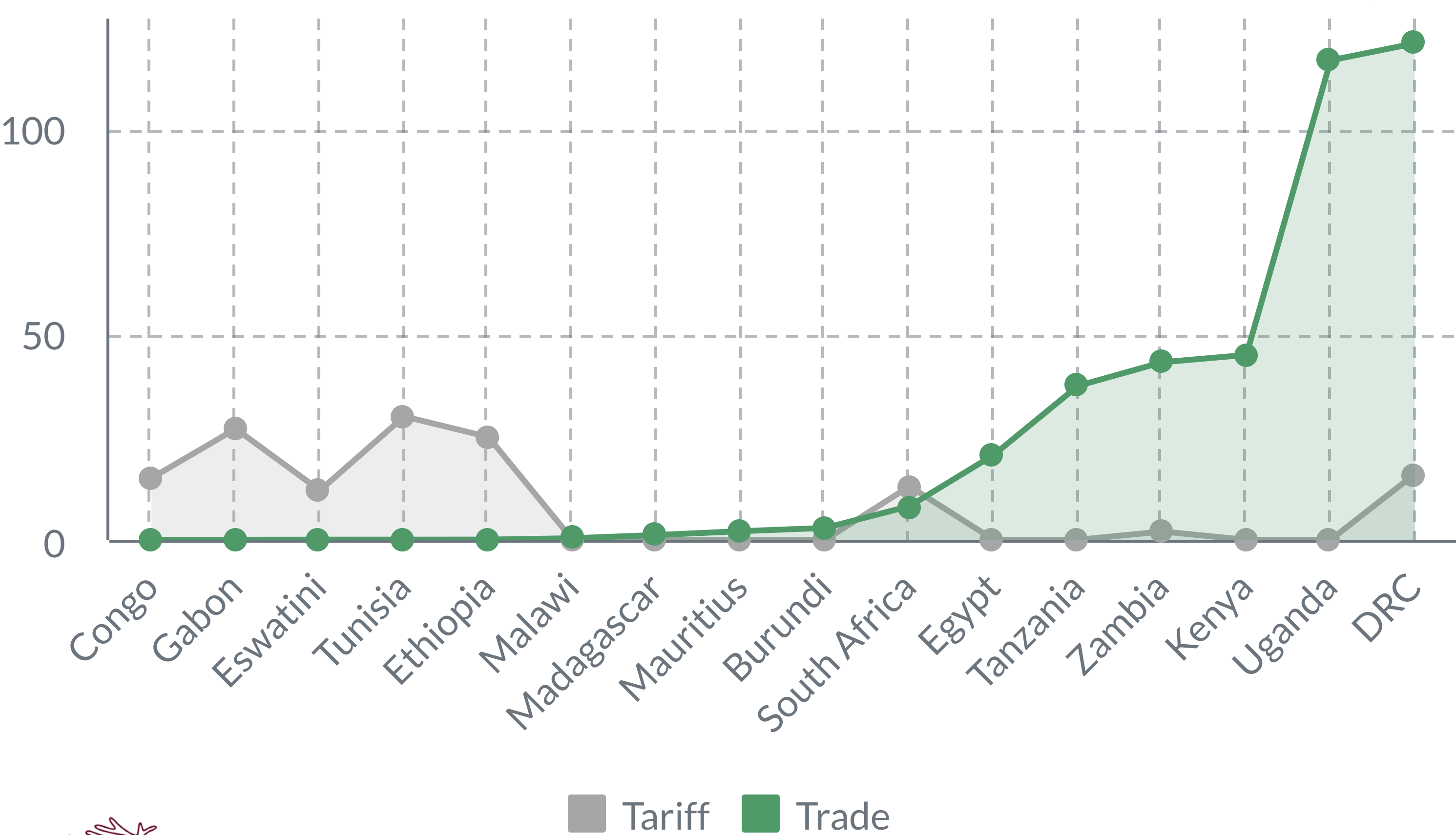
Non-tariff & tariff trade costs and total agriculture trade values for South Africa (2017)



For Ghana, lower non-tariff costs and higher values of agriculture trade is mainly with neighbouring countries or other countries in west Africa. South Africa is the exceptions; however, direct shipping routes between Accra and Cape Town can explain lower transportation costs. In the case of South Africa, lower non-tariff trade costs and higher values of bilateral agriculture trade are associated with trade with neighbouring countries. Higher non-tariff trade costs and lower values of agriculture trade are evident for trade with countries in west and north Africa.

The relationship between the average tariff costs and value of trade in agricultural products follows a similar pattern as in the case of non-tariff costs, but is not quite as definitive. For South Africa, generally countries with high non-tariff costs and low trade values also have high average tariff costs (Algeria, Senegal, Morocco & Benin) and visa versa (Namibia, Lesotho, Zambia & Eswatini). However, there are countries with higher non-tariff trade costs and lower trade values with low average tariffs (0% for Tanzania & Mauritius; 4% for DRC & Madagascar; 10% (Nigeria) & 11% (Ghana & Egypt)).

Average tariff trade costs and total agriculture trade values for Rwanda (2017)



The same holds true for Rwanda - 0% average tariffs with high trade volumes and high average tariffs with low trade values, but then countries with 0% average duties and low trade values (Malawi, Madagascar, Mauritius & Burundi) and high average tariffs with high trade values (DRC & South Africa).

Accordingly, the data suggests that for bilateral agriculture trade between specific trade partners non-tariff issues are more significant barriers to trade than the cost of tariffs.