

## ***Trade facilitation issues and the CFTA***

Transportation costs contribute to the high costs of doing business in Africa and adversely affect the trade performance of African countries. Factors contributing to high transportation costs include complex trade procedures; inadequate and inefficient infrastructure (including road, rail and ports); variations in transit charges, customs valuation; weighbridge calibrations and technical standards; roadblocks and checkpoints; corruption; and inefficient customs procedures and excessive documentation requirements. In general transport costs and travel time impact final users directly by increasing prices of all commodities traded both domestically and internationally. This jeopardises the social and economic development of all countries in the region and, in turn, their economic integration.

Trade facilitation programmes can assist countries by reducing the cost of doing business and so increase the competitiveness of African businesses in regional and world markets. Trade facilitation measures have become increasingly important as instruments to create a better trading environment, to provide opportunities for African countries so that international trade can contribute to economic growth and poverty reduction. The international community has increasingly recognised the interconnections between improved market access and the capacity to produce tradeables competitively, to fully reap the benefits of trade liberalisation. Trade facilitation is a key instrument in the agenda to further regional integration in Africa, specifically to support regional economic cooperation and intra-Africa trade. Trade facilitation measures can support deeper regional integration efforts through the



creation of bilateral and regional trade infrastructure (such as one-stop border posts and trade corridors), the harmonisation of standards and technical requirements and the provisions of cross-border or regional financial services (like regional guarantees and financial transfer systems). These initiatives are important to support private sector development and also to develop regional value chains.

The need to improve the manner in which trade flows from factory to consumer has informed the trade facilitation measures in the multilateral trade negotiations framework of the World Trade Organisation (WTO), as well as Comprehensive Tripartite Trade and Transport Facilitation Programme (CTTTFP) of the Tripartite Free Trade Area, and the Regional Road Transport and Transit Facilitation Programme for West Africa. This led to the development of the A Trade Facilitation cluster has also been included in the proposed Action Plan for boosting Intra-African Trade (BIAT). Although different initiatives, they have similar objectives of facilitating cross border transport by removing non-tariff barriers to transit and reducing transport costs and transit times in order to boost intra-regional and international trade. The focus areas of all these initiatives include the improvement of the efficiency and competitiveness of the main transport corridors through harmonizing and simplifying customs and transit procedures, documentation and regulations; establishing one-stop border posts (OSBP) and integrated border management; the reduction of check points and unnecessary road blocks; and improving the exchange of information among countries.

How will these initiatives be united under the banner of the Continental Free Trade Area? *Will a similar path to that of the Tripartite be followed; an overly ambitious comprehensive programme which has had limited success thus far?* The online non-tariff barrier reporting, monitoring and eliminating system, operating in the EAC-COMESA-SADC currently serves as a repository of all barriers reported, but lacks effectiveness in expeditiously eliminating barriers to trade. The Chirundu border post is the only OSBP which has been established under the programme even though many more have been prioritized for conversion. A lack of infrastructure; financial, knowledge and human capacity constraints and short-comings in national legislation are cited for the lack of progress. The rest of the programme has been hampered by overlapping membership which has constrained the harmonization of customs and transit procedures, documentation and regulations and systems for regional customs bond guarantees and regional transit management. A review of the BIAT suggests that we are heading down a similar path, with the earmarked activities and programmes virtually replicating the TFTA programme. *Is this the appropriate path to follow to harness the potential CFTA benefits of increased competitiveness of Africa's industrial products through improved intra-industry trade, economies of scale, improved competition, reduction of price differentials and enhanced participation of Africa in global trade?*