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5 | Implementation of the Trade Facilitation Agreement

There is widespread agreement among trade and development experts that tackling the high trade costs of African countries is of utmost importance in achieving their greater integration into world trade and global value chains. Lowering trade costs is crucial for increasing competitiveness and ensuring economic development in Africa.

All available evidence indicates that trade facilitation is the best tool for reducing trade costs for African countries, particularly for the many landlocked developing countries in sub-Saharan Africa. The WTO Trade Facilitation Agreement (TFA) was adopted to ensure a common platform for the implementation and widespread use of trade facilitation measures at the global level.

The TFA sets out a series of measures to expedite the passage of goods across borders inspired by best practices worldwide. This will help reduce trade costs at all stages of import and export operations, including transit. This means lowering costs to reach borders, at borders and behind borders.

The WTO estimates that the trade costs of developing countries amount to applying an ad valorem tariff of 219 per cent to international trade. For African countries these costs are even higher, at about 260 per cent. Full implementation of the TFA has the potential to reduce members' trade costs by 14.3 per cent on average and boost global trade by up to US\$ 1 trillion per year, with the biggest gains in the poorest countries (WTO, 2015).

The reduction of trade costs for Africa would be the highest of all regions, estimated at 16.5 per cent on average. Across coastal and

landlocked Africa, trade cost reductions would average 16.8 per cent and 15.7 per cent, respectively, with several countries along coastal sub-Saharan Africa experiencing decreases of between 15.8 per cent and 23.1 per cent (WTO, 2015).

By reducing the variable and fixed costs associated with exporting, trade facilitation would increase exports of enterprises already participating in international trade. It would also make it possible for smaller enterprises like those in Africa to join international markets.

Given that many African countries rely heavily on import duty revenues, good customs administration resulting from implementation of the TFA also has the potential to plug collection leakage and increase revenue generation. It can also help several African countries in their efforts to fight corruption by increasing transparency, for instance via the automation of customs operations.

The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It contains provisions for technical assistance and capacity building in this area. The TFA is unique because it allows developing countries and LDCs the flexibility to tailor their commitments and implementation schedules according to their specific needs and commensurate with their levels of development. To benefit from this flexibility, a WTO member must provide a series of notifications.

The Trade Facilitation Agreement represents one of the most significant means of decreasing trade costs across Africa.

Since the conclusion of the TFA in December 2013, at the Bali Ministerial Conference, the WTO Secretariat has been working with members to accelerate its ratification. The TFA entered into force on 22 February 2017, when two-thirds of the then 164 WTO members ratified it. The level of ratification was very strong in Africa, with 40 African WTO members out of 44 having deposited their instruments of acceptance.

However, ratification of the TFA is not enough to fully realize its potential benefit; it is also important to ensure the implementation of its commitments. To understand the current state of implementation of the TFA, it is useful to look at the categorization of commitments that developing countries are being asked to provide under the S&D treatment provisions of the TFA. As part of the process of implementation of the TFA, developing-country members have been submitting notifications of their Category A commitments, i.e. those measures they would be ready to implement upon entry into force of the TFA. Members also provide notifications of commitments in Categories B (i.e. those that require a transition period) and C (i.e. those that require a transition period and technical assistance for implementation).

As Figure 5 below shows, Africa is the region that has indicated the least number of TFA commitments as being already implemented. It has also indicated the greatest number of commitments as needing technical assistance for implementation.

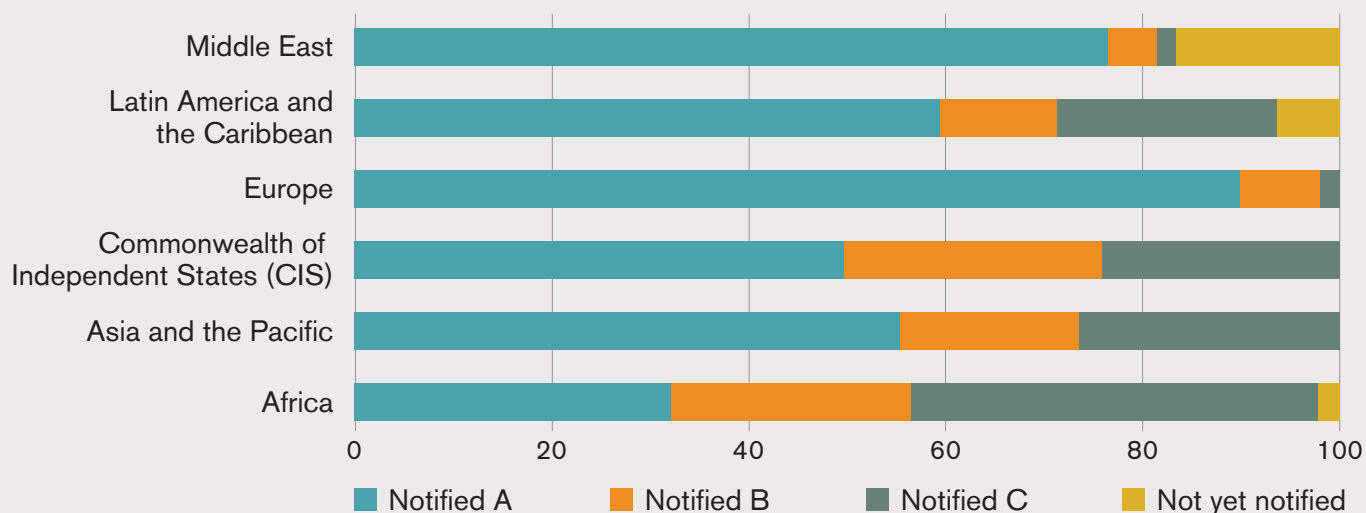
The WTO Trade Facilitation Agreement Facility (TFAF) was created at the request of developing and LDC WTO members to help ensure that they receive the assistance they need to reap the full benefits of the TFA. The TFAF assists members through a range of activities, such as workshops, to help them to understand the TFA, and national events, to help them to identify their capacity-building needs and prepare category notifications that are necessary to access special and differential treatment flexibilities in the TFA. The website (www.TFAFacility.org) provides a wealth of information, helps to match donors and recipients, and provides project preparation and project implementation grants in cases where donor support is not forthcoming.

In 2019, the TFAF provided support to African countries through the events outlined below.

In order to assist members in meeting the 2019 notification deadlines, the TFAF organized a retreat for Geneva-based LDC officials' on 14-15 June 2019 in Lausanne, Switzerland, and a workshop for Geneva-based non-LDC members of the Organisation of African, Caribbean and Pacific States (ACP) on

Figure 5: Share of categories A, B and C by region

(Based on percentage of all notifiable article items)



Source: Trade Facilitation Agreement Database (www.tfadatabase.org).

22 July 2019 at the WTO Secretariat.² Six of the participating African developing members and two LDCs provided their notifications shortly after these events. In addition, the TFAF offered members a series of “drop-in” sessions to provide one-on-one assistance with notifications. Nine African countries participated in these sessions, and four of these provided their notifications shortly after.

The TFAF conducted two national workshops, on 25-29 March 2019 in Nouakchott, Mauritania, and on 6-9 December 2019 in Bangui, Central African Republic, to assist with self-assessments of needs and completion of notifications. Both workshops resulted in the submission of the required notifications.

The TFAF funded the participation of 63 capital-based officials in a meeting of the WTO Trade Facilitation Committee. This committee meeting included an annual session dedicated to discussions on experience-sharing and issues concerning the provision of technical assistance and support for capacity-building. The TFAF, in cooperation with several partner organizations, organized additional workshop sessions on the margins of the committee meeting. These sessions focused on themes that included notification requirements, finding implementation support, transit,³ and region-specific discussions.

The 21 African countries that were funded were Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Egypt, Gabon, Ghana, Guinea, Kenya, Liberia, Lesotho, Mali, Namibia, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia and Zimbabwe. Representatives from the Southern African Development Community (SADC), the East African Community (EAC), the Union économique et monétaire ouest-africaine (UEMOA – i.e. the West African Economic and Monetary Union) and the Economic Community of West African States (ECOWAS) were also funded.

The TFAF also funded two participants from Zimbabwe to participate in a United Nations Conference on Trade and Development (UNCTAD) training course for national transit coordinators that was held on 5-7 November 2019 in Johannesburg, South Africa. The goal of this course was to help participants to be better prepared to carry out their role as national transit coordinator through an enhanced understanding of the transit provisions of the TFA and international transit standards and best practices.

1 Participating African countries were Angola, Benin, Burkina Faso, Chad, Comoros, Djibouti, The Gambia, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Mauritania, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania and Togo.

2 Participating African countries (in the room) were Congo, Côte d'Ivoire, Lesotho, Mauritius, Namibia, Nigeria and Zimbabwe. The event was live-streamed and recorded so it reached a wider audience, including in the capitals of the participating countries.

3 Conducted by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.