Talking points for ECA intervention on
The TFA - Ratification and impact on the LLDCs

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Current status of TFA ratification in Africa

- The ratification and implementation of the TFA could bring significant opportunities in terms of supporting a reduction of trade-related costs; however, it also involves high cost of implementation, not only in monetary terms but also required institutional reforms and technical assistance needs.
- 11 African countries have ratified the agreement so far: Madagascar, Mauritius, Botswana (landlocked), Niger (landlocked), Mali (landlocked), Kenya, Zambia (landlocked), Lesotho (landlocked), Seychelles, Togo and Cote d’Ivoire.
- A total of 17 African countries have submitted Category A notifications of the provisions of the Agreement they will implement at entry into force.
- Of the African landlocked developing countries, Burundi, Botswana and Zambia have all submitted their category A notifications.
- Zambia has also made a submission in Category B, provisions for which a transitional period will apply, and Category C, identifying the provisions for which it will need support and capacity development for implementation.
- In addition to Zambia, Mauritius and Malawi have also submitted Category B and C notifications.
- To enhance transparency in the process of TFA implementation, the African Union Commission (AUC) launched a website during the May 2016 meeting of African Ministers of Trade to track ratifications, notifications of the three categories and category C commitments.

Findings from the regional study on paperless trade and implementation of trade facilitation measures in Africa

- The UN regional commissions carried out a global survey on paperless trade in cooperation with UNCTAD, OECD, ITC, OCO and SEA.
- The regional implementation rate for the comprehensive set of trade facilitation measures in Africa is 45 per cent. This is not high compared to other regions.
  - Some African countries record higher rates, including Benin, Mauritius and Morocco which all have an implementation rate of over 60 per cent.
  - However in the case of landlocked countries for which data is available (results include Burkina Faso, Botswana, Lesotho, Malawi, Mali, Niger and Zimbabwe), implementation rates are much below African average with the exception of Botswana.
  - Implementation rate for LDCs (regardless of landlocked or not) is generally lower across Africa relative to continental average.


• However, all countries are implementing at least some trade facilitation measures. Reflecting the number of landlocked developing countries on the continent, “transit measures” are the most popular followed by “formalities measures”, both with an implementation rate of over 60 per cent.
  o Also a priority is measures addressing coordination, e.g. National Trade Facilitation Committees.
  o Transit issues involve in particular measures to limit physical inspection at the border and cooperation between agencies at the border.
• ECA takes trade facilitation seriously recognizing the challenges for Africa countries in this regard. Key interventions include:
  o The ECA publication Trade facilitation from an African perspective (2013) made the case for prioritizing trade facilitation for enhancing Africa’s trade before the Bali Ministerial.
  o The ECA, together with the AUC and the African Development Bank have launched a new African Regional Integration Index that monitors among other issues infrastructure development and connectivity within Regional Economic Communities.
  o ECA is supporting the establishment of the African Corridor Management Alliance (ACMA), which will act as a coordinating body for the corridor management institutions on the continent. ACMA’s will work with stakeholders to promote best practices in reducing trade costs on development corridors and boosting intra-African trade.
  o ECA is also part of the inter-agency arrangements for monitoring the Vienna Programme of Action.

The Continental Free Trade Area (CFTA) will be an opportunity for the LLDCs

• It is well recognized that enhancing intra-African trade has great potential to promote diversification and structural transformation on the continent, and thus contribute to more inclusive and sustainable growth.
• Regional integration is at the centre of continental visions and strategies, including Agenda 2063.
• ECA research has shown that if progress is made in reducing costs to trade across borders - in parallel to eliminating tariff barriers on goods within Africa – the share of formal intra-African trade could more than double by 2022 (Mevel and Karingi, 2012).
  o This is relative to an increase of the share of intra-African formal trade from 10.2 per cent to 15.5 per cent (of total trade) through trade liberalization alone.(ECA, 2015, Economic Report on Africa 2015).
• Trade facilitation is also one of the clusters of the Boosting Intra-African Trade (BIAT) Action Plan. The operationalization of this initiative – and the setting up of a functional monitoring and evaluation mechanism – is key for building opportunities on the continent.
• The negotiations for the Continental Free Trade Area (CFTA) were launched in July 2015, with the aim of completing negotiations by the end of 2017. The first phase of negotiations include both trade in goods and in services.
• The CFTA agreement will also include a chapter on trade facilitation, in line with international best practice for free trade agreements.
• Given the dependence of LLDCs on transit countries for access to ports and the disproportionate impact of trade costs on these countries, the improvement of connectivity through continental initiatives is likely to bring great benefits. The creation of a more vibrant regional market will also create new opportunities for landlocked countries.