



Improving the Implementation of Existing Trade Policies to Support Cross-Border Trade in Africa

Key Messages

- More trade has a positive impact on the domestic economy of any country, given that trade openness increases GDP per capita.
- Trade policies should promote further openness, supported by improved logistical capacity in transportation, telecommunication, energy and port personnel.
- Agricultural policies should be linked to trade policies as well as environmental policies and towards infrastructure development in energy, transport, telecommunication to improve agriculture and trade.
- Increasing population will challenge land tenure security and the motivation for labour to remain in primary agriculture will be labour saving technologies.
- Health policy should remain on safety and quality food commodities for trade enforced through sanitary and phytosanitary measures.
- Nutrition policy should clarify how the food systems relating to diet adequacy, diversity and consumption of healthy foods is affected due to trade openness.
- Education policy should remain, towards compulsory basic education to ensure literacy and continuous learning by all stakeholders (policy, support service and business actors), as well as in common languages (such as English and French) to enhance trade.

Context

Regional integration has been promoted in Africa, beginning post-independence to ensure that nation-states agree to co-operate and work closely together to achieve peace, stability and wealth. In the 2000s, several commitments including the 2014 Malabo Declaration on accelerated agricultural growth and transformation for shared prosperity and improved livelihoods by 2025 were made. By 2018, several assessment reports (see Table 1) indicated that regional integration, in general, had been slow due to country disparities in the levels of development, inconsistent and conflicting regulations and standards, as well as infrastructure and connectivity problems at the border and behind the border that add to the cost of doing business in Africa.

Import trade of the regional economic communities by partner, 2000–2017 average (%)

REC	Intra-Community	China	United States	European Union	Africa	Rest of World
ECCAS	3	34	13	19	5	26
SADC	16	27	8	21	3	25
UMA	3	5	8	64	2	18
ECOWAS	8	4	13	31	6	38
COMESA	9	13	5	38	5	29
IGAD	14	21	3	16	12	34
CEN-SAD	6	5	11	41	4	33
EAC	17	14	5	19	14	31
Africa average	9	17	8	31	6	28

Lessons from COVID-19

The COVID-19 health crisis the world suffered resulted in low labour productivity, employee lay-offs, border closures and limited movement of goods and persons. The lessons from COVID-19 shock, especially that related to global trade taught us that in Africa, maintaining open trade channels safely, policy coordination and transparency between member states and protecting essential workers from ensuring that public health and food systems continue to operate, is the way to go.

Post-Covid actions

A re-assessment of regional integration as a key to development should lead to examining existing sub-regional trade mechanisms and developing a framework to support cross-border trade on the continent. The overall aim of the study is to conduct regional reviews of trade in agricultural inputs and commodities to improve the implementation of existing trade policies to support cross-border trade in Africa. The inputs of interest includes seed, agrochemicals/veterinary medicines, tools/equipment/machinery and packaging materials. The commodities of interest were mainly raw materials (crops/livestock/fish) and partially processed products (juices, oils, cakes, powders, granules, pellets and pastes).

Methodology

The source of data for the study is both secondary and primary. The following main steps were involved coming up with the findings and recommendations for policy action. Secondary time series data on prices, quantities and costs from FAO Stats were analyzed.

A supply response model for four countries (Ghana and Burkina Faso (West), Rwanda (East) and Zimbabwe (Southern) in Africa was estimated. Key informants in the four countries—input dealers, producers and commodity traders (importers and exporters), customs officers, clearing agents and financial institutions, to obtain information on types and forms of commodities and inputs, origin, destination, volumes and values were interviewed using an interview guide.

Information collected include level of quality, technology and varieties, restrictions due to bilateral and multilateral agreements with non-AU countries, as well as status of innovativeness and entrepreneurship among firms in the selected countries.

A validation workshop was held which brought together experts (senior level ministerial officers, private businesses, researchers, and academics) of export-oriented agricultural production, processing, trade and trade facilitation to ascertain the framework that supports cross border trade for agricultural inputs and commodities.

Several systems framework tools that support the analyses of strengths, weaknesses, opportunities and threats of commodity value chains that had international market potential were explored.

The frameworks allowed multi-stakeholder planning and action (MPA), through the review of a wide range of policies (trade, agriculture, health, education, communication, transport, environment, science, technology and innovation and employment) and suggest practices based on best practices to improve the implementation of existing trade policies to support inter- and intra-regional trade in Africa.

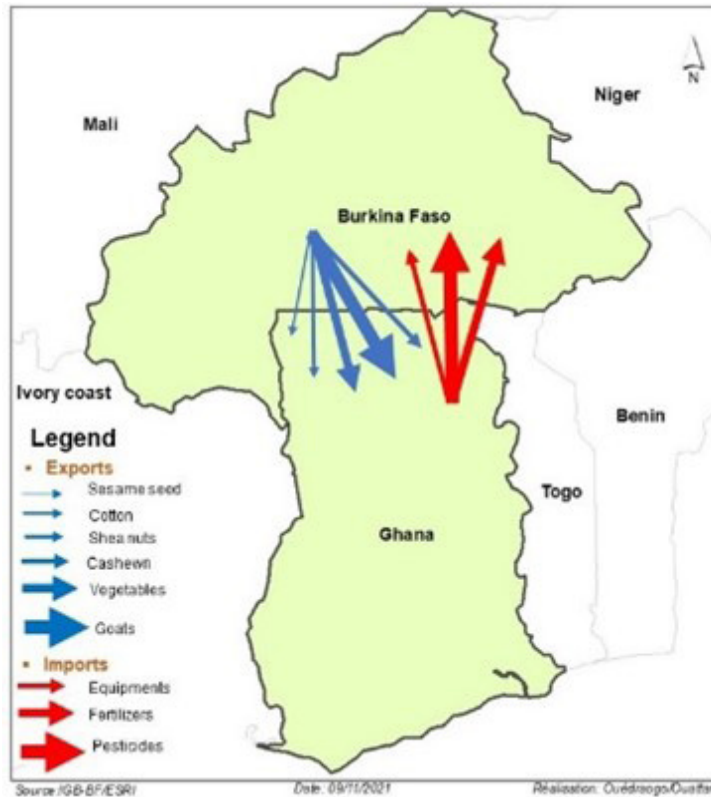
The human-centred framework approach suggests mapping of stakeholders to develop policies that are transformative, resulting in a step change in systems performance, and integrated, factoring in the dependencies and trade-offs across the systems.

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Key Findings

- Global trade has evolved from largely restrictive trade to freer trade under the World Trade Organisations formed in 1995.
- Prior to trade blocs development in the 20th Century, there were several bilateral trade agreements, which shaped the formalization of cross border trade in Africa. With regional blocs, cross border trade has deepened in both food commodities and inputs. However, the nature of trade arrangements is more informal.



- In the few months of AfCFTA operation, the key challenges anticipated on smaller firms' exposure to stiffer competition and small economies and Least Developed Countries fiscal revenue losses have become real, though yet to be documented.
- There is limited customs infrastructure for trading in most countries; only three countries - Ghana, South Africa and Egypt had established the necessary customs infrastructure for trading at the beginning of free trading in 2020.
- Government in all member states used in this assessment (Burkina Faso, Ghana, Rwanda and Zimbabwe) are using agencies and authorities in charge of ports and harbours to provide sanitary and phytosanitary measures as well as other mechanical, biological, and chemical safety policies, rules, and regulations.
- The World Bank Group have provided guidance and technical assistance to developing and least developed countries to implement best practices to facilitate the free flow of goods.
- A country's economic situation, types of items and flow patterns, and nature of trade facilitation tools such as energy, communication, transportation, and other logistics, are the key mechanisms to focus to achieve positive results in cross-border trade.
- The key determinants of trade volume are country gross domestic product, exchange rate, population, situation of land lockedness, and distance and common language between neighbouring countries.

Recommendations

A framework that supports cross border trade for agricultural inputs and commodities should reflect the existing policy frameworks as well as components of policies on good agricultural, manufacturing and trade practices. More trade has a positive impact on the domestic economy, given that trade openness increases GDP per capita. Therefore, the best options to pursue are:

- Trade policy should be towards further openness, supported by improved logistical capacity-transportation, telecommunication, energy and port personnel.
- Agricultural policy should be towards land tenure security and technology adoption and infrastructure development in energy, transport, telecommunication to improve agriculture. Increasing population will challenge land tenure security, and the motivation for labour to remain in primary agriculture will be labour saving technologies.
- Health policy should remain on safety and quality food commodities for trade enforced through sanitary and phytosanitary measures.
- Nutrition policy should clarify how the food systems relating to diet adequacy, diversity and consumption of healthy foods is affected due to trade openness.
- Education policy should remain, towards compulsory basic education to ensure literacy and continuous learning by all stakeholders (policy, support service and business actors), as well as in common languages (such as English and French) to enhance trade.
- Cross-cutting issues: Member states should create, annually, the enabling environment for public-private-partnerships for investments in trade infrastructure and capacity improvement; all practitioners in the trade system should be sensitised about environmental resilience, and the need for minimising the use of soil improvement and plant protection technologies, packaging materials and distribution vessels that emit high levels of greenhouse gases (GHG); risk and mitigation measures for activities in the agricultural and trade value chain should be planned adequately and resources mobilised to execute them; comprehensive country level monitoring and evaluation framework should be developed to track progress of the implementation of the CBT framework.



Case Countries, Population and Neighbours



Burkina Faso has a population of approximately 21.7 million



Ghana has a population of approximately 32 million



Rwanda has a population of approximately 13.3 million



Zimbabwe has a population of approximately 15.1 million

