

AfCFTA Business Participation and Competitiveness

Module 3: Cross-Border Trade Facilitation

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The Concept of Trade Facilitation

The concept of trade facilitation does not have any one universally agreed-upon definition. It has been defined in various ways:

Trade facilitation is the simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction



Trade facilitation is the simplification, standardization, and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payments. The primary aim is to help make trade across borders (imports and exports) faster, and cheaper and more predictable, whilst ensuring its safety and security.



The Concept of Trade Facilitation

Trade Facilitation is the simplification and harmonization of international trade procedures, where trade procedures are the activities, practices, and formalities involved in collecting, presenting, communicating, and processing data and other information required for the movement of goods in international trade.



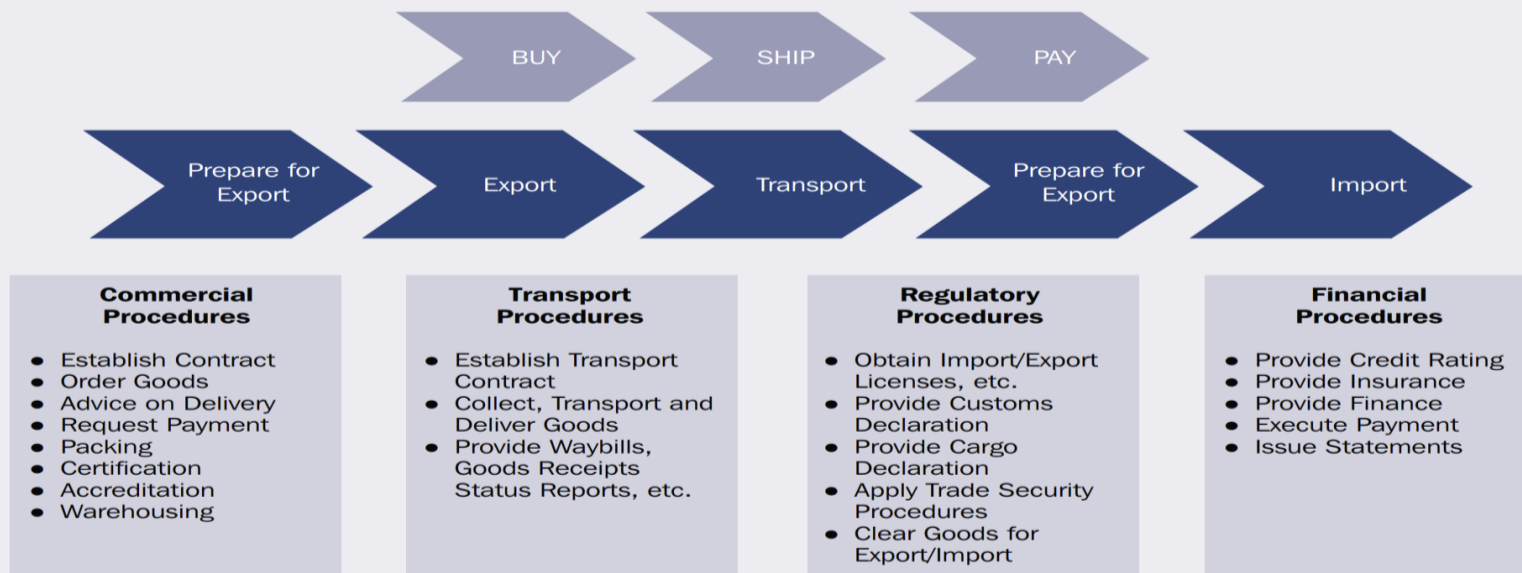
Trade facilitation is the avoidance of unnecessary trade restrictiveness. This can be achieved by applying modern techniques and technologies, while improving the quality of controls in an internationally harmonized manner.



WORLD CUSTOMS ORGANIZATION

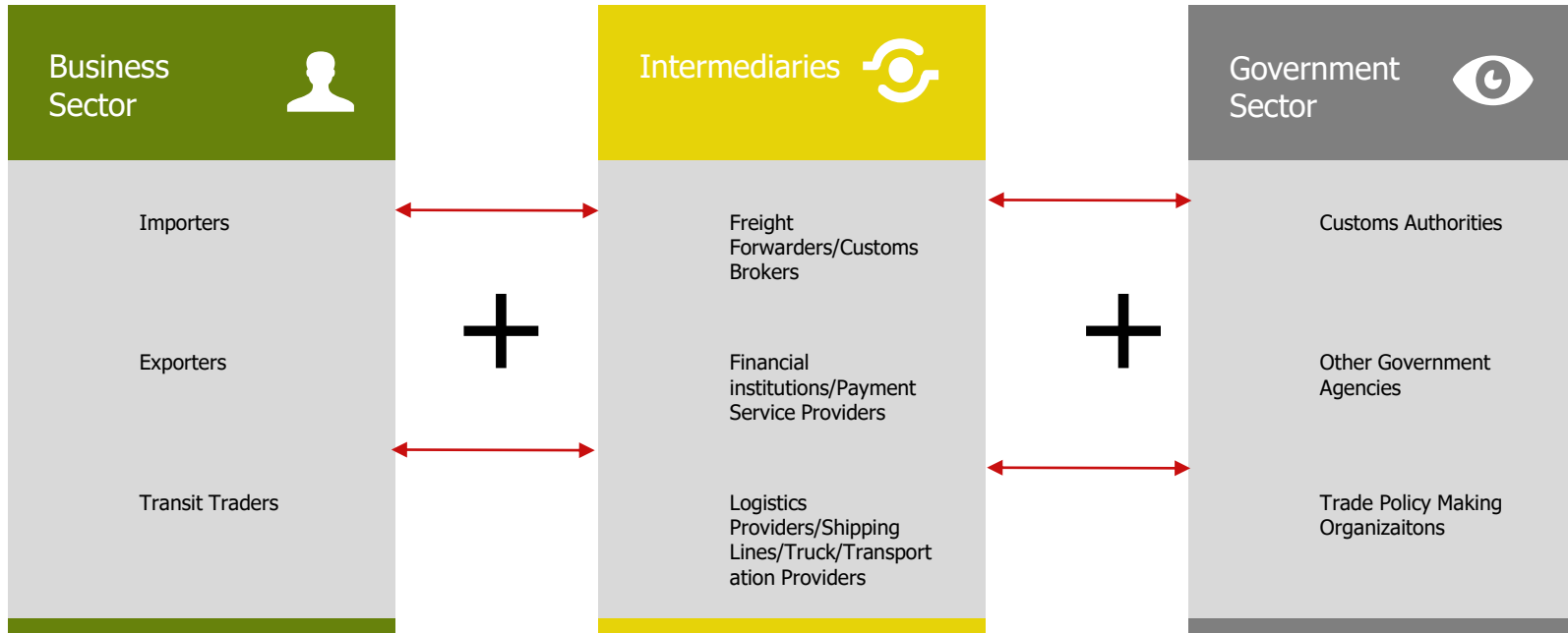
The Concept of Trade Facilitation

Figure 1.1: **Buy-Ship-Pay Model**



Source: United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2008.

Stakeholders in Trade



International Trade Can be Complex and Costly...

Direct Transaction Costs

- a. Costs of documentation and regulatory compliance
- b. Duties, Taxes and Levies
- c. Cost of:
 - moving goods from factory to port,
 - handling costs at the port,
 - finance and insurance, and
 - international transport costs.

Indirect Transaction Costs

- a. delays at the border
- b. uncertainty about procedures
- c. inadequate or contradictory documentation
- d. congestion at inspection facilities,
- e. lack of staff (customs and OGA)
- f. unforeseen circumstances
 - bad weather or
 - damage to infrastructure

Four Principles of Trade Facilitation

Transparency:

- disclosure of information by all agencies in a way that the public can readily access and use it.
- including laws, regulations and administrative decisions of general application, budgets, procurement decisions and meetings.

Simplification:

- eliminating all unnecessary elements and duplications in trade formalities, processes and procedures.
- Making processes simplified and automated

Harmonization:

- Alignment of national procedures, operations and documents with international conventions, standards and practices.

Standardization:

- Develop formats for practices and procedures, documents and information internationally agreed by various parties.
- Standards are then used to align and, eventually, harmonize practices and methods.

Trade Facilitation Benefits

Governments

- Enhances country competitiveness
- Increased FDI and integration into regional and global production networks.
- Increased revenue due the increased trade volumes
- Increased trade compliance.
- Simplified procedures, and the use of automation, helps reduce barriers and increases trader compliance

Private Sector

- The benefits of trade facilitation for businesses include:
 - Reduced costs of international trade
 - Faster customs clearance and release
 - Enhanced SME participation in international trade
 - Increased competitiveness of SMEs
 - Better understanding of import and export requirements, reducing uncertainty and facilitating compliance.

Trade Facilitation Measures at ECOWAS Level

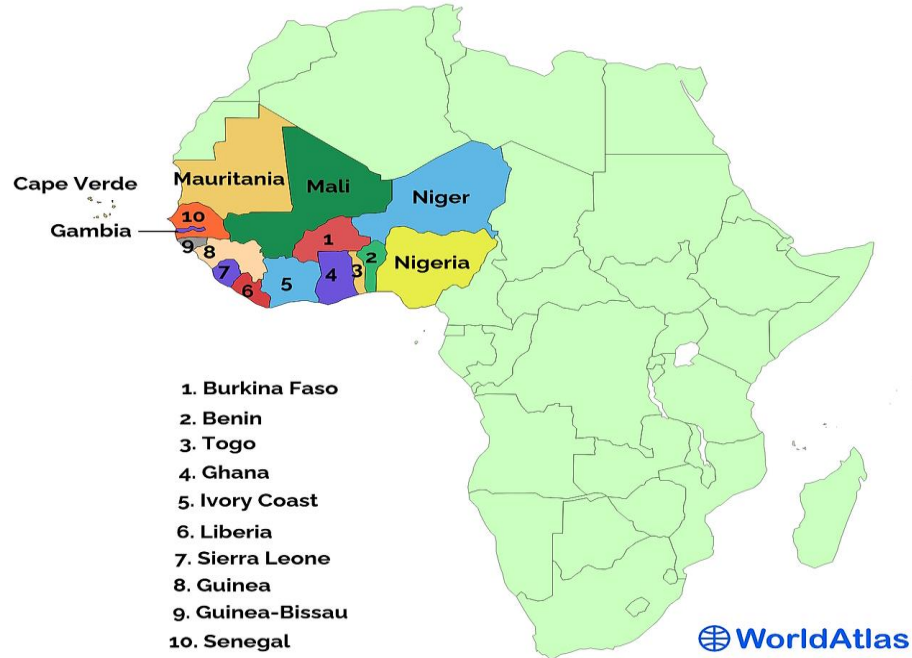


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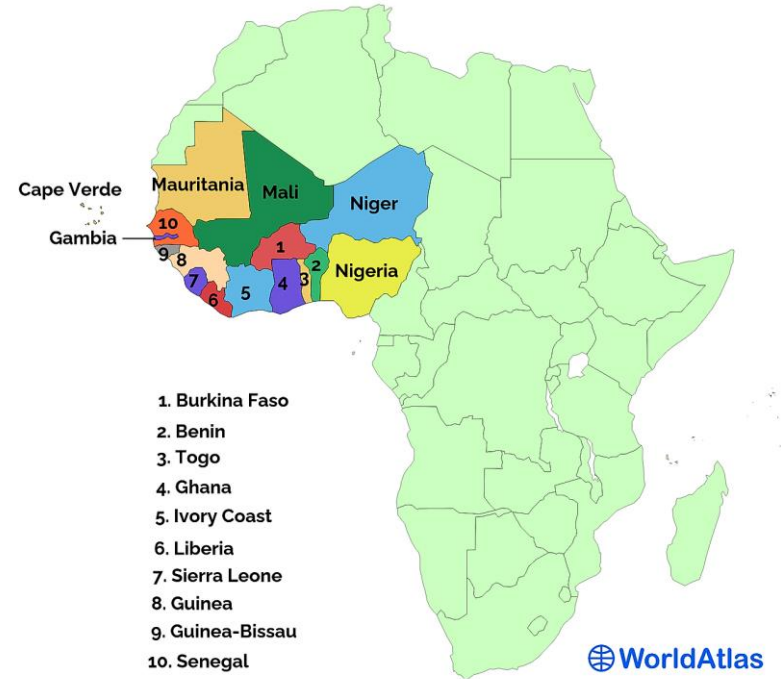
Trade Facilitation and Regional Economic Integration: The Case of ECOWAS

- The Economic Community Of West African States (ECOWAS) is one of eight AU-recognized regional economic communities in Africa
- It was founded in 1975 and has a membership of fifteen countries: Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Sénégal and Togo.
- The mission of ECOWAS is to promote economic integration in all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters



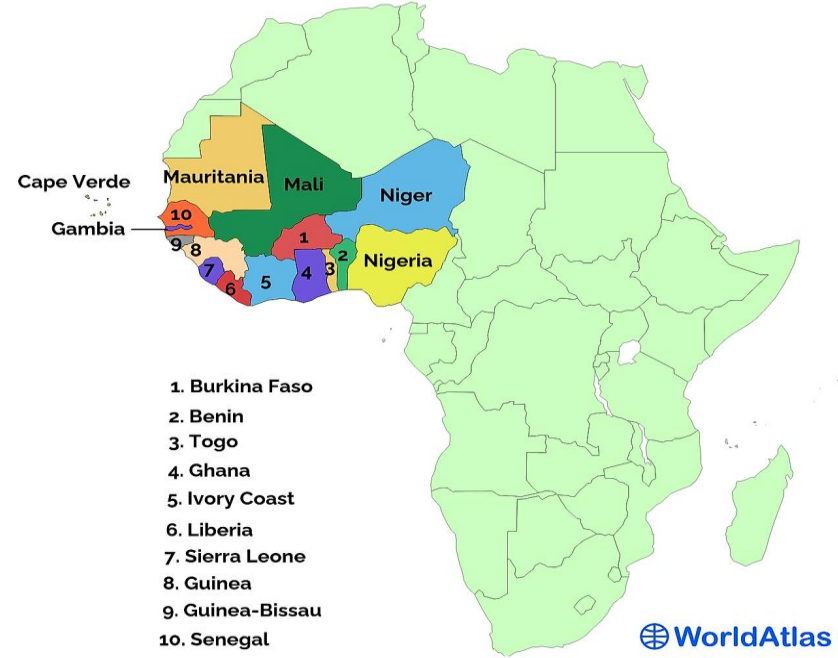
Trade Facilitation and Regional Economic Integration

- ECOWAS Trade Policy Include:
 - ECOWAS Trade Liberalization Scheme (ETLS)
 - ECOWAS Customs Code
 - ECOWAS The SIGMAT system
 - ECOWAS Single Currency



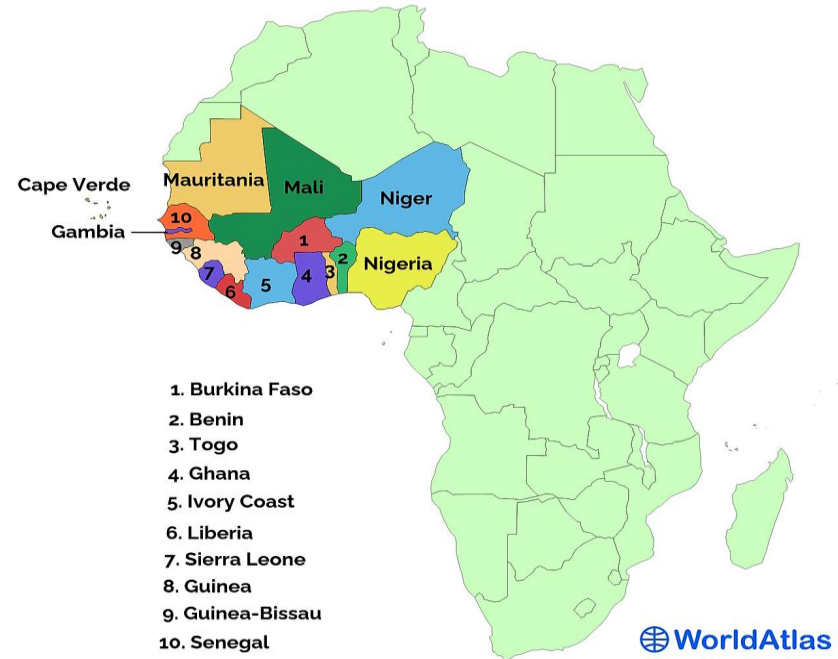
ECOWAS Trade Liberalization Scheme

- The ETLS operationalizes the ECOWAS Free Trade Area.
- ETLS allows free movement of originating products without the payment of customs duties and taxes into ECOWAS Member States.
- Originating products must be pre-approved allow for import and export
- The approval process requires submission | an enterprise of ETLS application forms to Ministry of Trade and Industry.



ECOWAS Trade Liberalization Scheme

- The approval process requires submission by an enterprise of ETLS application forms to Ministry of Trade and Industry.
- The National Approval Committee sits to approve application or otherwise.
- Approved applications are sent ECOWAS Commission for review.
- Once ECOWAS Commission approves ETLS, the Commission notifies members states
- Enterprises can now export under ETLS



Trade Facilitation Instruments in ECOWAS

- The ECOWAS Customs Code
 - The ECOWAS Community Customs Code is a collection of regulations and processes established by governing bodies of Member States.
 - These rules and procedures apply to tariffs and other policies related to the trade of goods between the ECOWAS Community and external parties, as well as among the Member States.
 - Existing international instruments and best practices as well as the European Union's Customs Code were considered when drafting the Community Customs code.



Trade Facilitation Instruments in ECOWAS

- The areas covered by the ECOWAS Customs code include:
 - The scope of customs legislation as well as the objective of the customs authority
 - Modalities for the application of the Common External Tariff (CET) which covers areas such as the tariff description of goods, origin of goods, and value of goods for customs purposes
 - The prohibitions in respect of intellectual property right, the protection of marks and indications of origin
 - Transitional clause, external trade and foreign exchange control and the rights and obligations of person who are under customs regulation.
 - The application of customs law and how to handle travelers including clearance and handling of items for personal use of travelers.
 - Conveyance and customs control of goods including imports and exports.



Trade Facilitation Instruments In ECOWAS

- **ECOWAS regional Customs Interconnection Project (SIGMAT)**
 - ECOWAS launched the regional Customs interconnection project called SIGMAT, to enhance regional integration through the automation of transit procedures in the union
 - Under the SIGMAT project, the ASYCUDA Programme and ECOWAS member countries collaborated with the World Customs Organization (WCO) and donors like the World Bank to create a regional transit module.
 - This module allows Customs clearance systems to share transit information.
 - The module was put into operation in 2019 in three main routes: Abidjan-Ouagadougou, Lomé-Ouagadougou, and Cotonou-Niamey.
 - By the fourth quarter of 2020, the module had been tested in Mali and Senegal.



Trade Facilitation Instruments in ECOWAS

- **ECOWAS regional Customs Interconnection Project (SIGMAT)**
 - At the departure country, a transit declaration is registered and a copy is electronically sent to the transit and destination countries' systems to warn of the arrival of goods.
 - Customs agents at the border or at the destination office only confirm the arrival of goods on the transit declaration received in their system. The confirmation is sent electronically to the departure country
 - It has led to:
 - Shorter transit processing time at the border
 - Facilitated trade
 - Increased revenue
 - Increased cooperation between member States through data exchange
 - Automated targeting of transiting goods for inspection



Trade Facilitation Instruments in ECOWAS

- Border Information Centers

- Borderless Alliance and Shippers Authority Non-Tariff Alert Platform

- <https://www.tradebarrier.swa.org/>

- Trade Alert Obstacle Mechanism (TOAM)

- <https://www.tradeobstacles.org/CountrySelection.aspx>

- West African Association for Cross-Border Trade, in Agro-forestry-pastoral and Fisheries Products (WACTAF)

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The screenshot shows the header of the Borderless Alliance website. On the left is the logo for the Borderless Alliance. To its right is the text 'NON-TARIFF BARRIERS' and 'Identifying, Reporting and Monitoring Mechanism'. Further right are logos for ECOWAS and UEMOA, and a map of Africa with a red dot indicating a location. Below the header is a navigation menu with the following items: HOME, NON-TARIFF BARRIERS, NON-TARIFF MEASURES, REGISTER A COMPLAINT, COMPLAINTS STATISTICS, POLICY REGULATIONS, LINKS, and CONTACT US. There are also language selection options for Français and English.

What is a Non-Tariff Barrier (NTB)?

Non-Tariff Barriers (NTBs) refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly.

[Read more...](#)

Report an NTB

Are you having problems moving or clearing goods across borders?

[Register your complaint online](#)

Your complaint will be:

1. Reported to the appropriate country representatives
2. Published on this website

Report from a mobile phone

Send us a text message to:

+233 547 38 38 75 (Ghana)

8000 11 39(Burkina Faso)



And tell us:

- What is your name?
- What is the problem?
- Where did it happen?
- When did it happen?

WTO Trade Facilitation Agreement



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Key Provisions of the WTO TFA

The WTO Trade Facilitation Agreement is divided into three main sections.

- | | | |
|---|--|---|
| <ul style="list-style-type: none">• Section I covers 12 Articles and 42 technical measures on border-related procedures, processes and other obligations that governments are required to implement to provide<ol style="list-style-type: none">1. transparency of laws,2. rules and procedures,3. fairness in border agency decisions,4. streamlined clearance procedures, and5. help reduce administrative constraints on transit. | <ul style="list-style-type: none">• Section II Special And Differential Treatment Provisions For Developing Country Members And Least-developed Country Members• It contains 10 Articles (Articles 13 to 22)<ol style="list-style-type: none">1. Developing and least developed countries implement the Agreement at their own pace.2. Each country determines when it will implement each of the technical provisions,3. Countries can identify provisions that they will only be able to implement upon the receipt of technical assistance and support for capacity building. | <ul style="list-style-type: none">• Section III of covers institutional arrangements and final provisions.• It has only two articles (Articles 23 and 24)• Article 23 covers institutional arrangements. It ensures<ul style="list-style-type: none">▪ The establishment of a Committee on Trade Facilitation to meet regularly to consult on matters related to the Agreement. It establishes rules and subsidiary bodies, promotes information sharing, collaborates with international organizations, reviews implementation, and encourages discussions for issue resolution.▪ Members establish or maintain a national trade facilitation committee to coordinate and implement the provisions of the Agreement. |
|---|--|---|

Key Provisions of the WTO Trade Facilitation Agreement- Summary

Article 1

- Publish Trade Related Information
- Establish Enquiry Points

Article 2

- Opportunity to Comment
- Regular Consultations

Article 3

Advance Rulings and Provisions

Article 4

Procedures for Right of Appeal or Review

Article 5

- Notifications of Enhanced Controls
- Testing and Sampling Requirements

Article 6

- Fees, Charges
- Penalties

Article 7

Electronic Platforms for Submission of Documentation
Electronic Payment
Risk Management
Average Time Release Studies
Post Clearance Audit
Authorized Economic Operator
Prioritising Perishable Goods

Article 8

Border Agency Cooperation

Article 9

Movement of goods intended for import under customs control

Article 10

Review of Trade Formalities
Use of Single Window
Use of Customs Brokers

Article 11

Freedom of Transit

Article 12
Customs Cooperation

Trade Facilitation in AfCFTA



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Background-Annex 4-Trade Facilitation



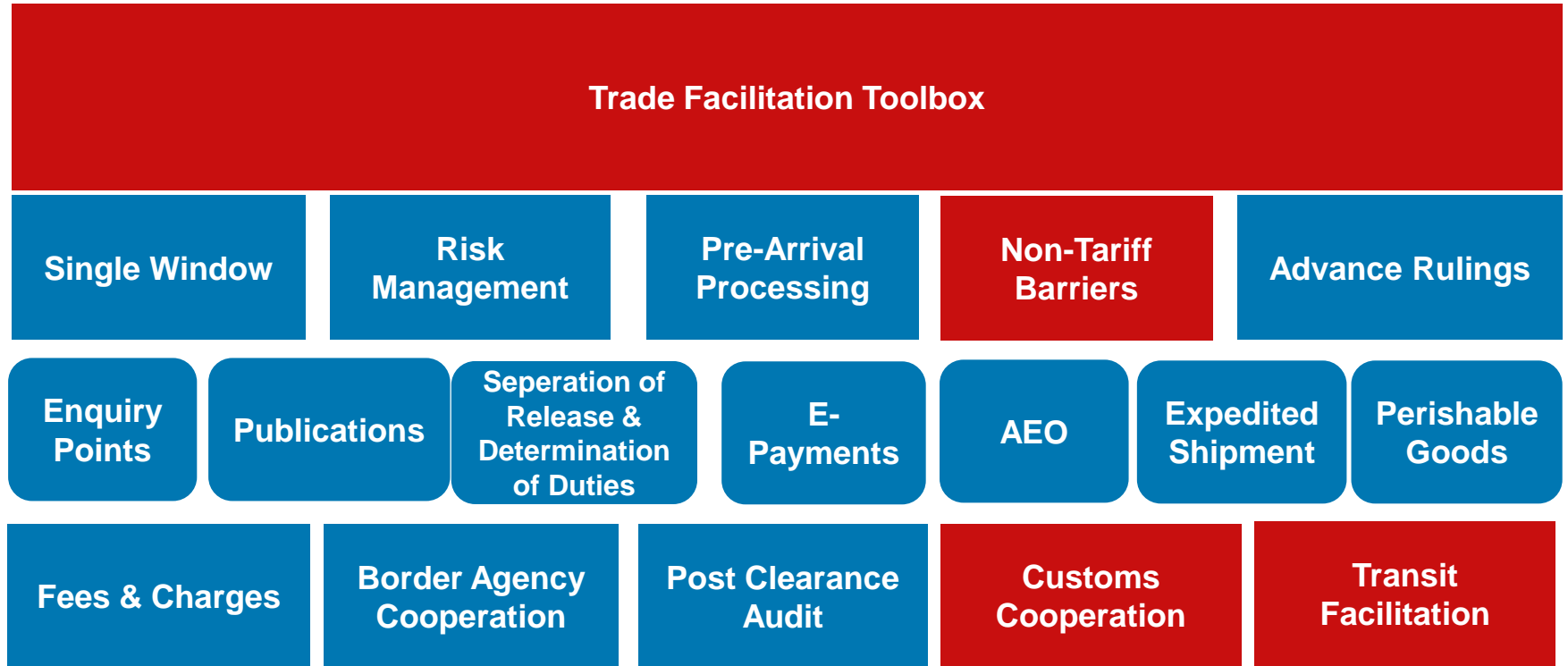
- ❑ The Preamble of the AfCFTA Agreement indicates the commitment:
 - ❑ “...to expanding intra-African trade through the harmonisation, coordination of trade liberalisation and **implementation of trade facilitation instruments across Africa, ...;**”
 - ❑ One of the objectives of the Agreement Establishing AfCFTA is to cooperate on customs matters and the implement trade facilitation measures-Art 4 (e)
 - ❑ Article 15 of the Agreement Establishing the AfCFTA require State Parties to **“take appropriate measures regarding trade facilitation.”**
 - ❑ **Annex 4-Trade Facilitation responds to the requirement**

Background-Annex 4-Trade Facilitation

1. “Trade Facilitation ”is the simplification and harmonisation of international trade procedures, including activities, practices, and formalities involved in collecting, presenting, communicating, and processing data required for the movement of goods in international trade”
2. Bureaucratic delays and red tape, corruption and inefficiencies at borders are common in Africa.
3. These increase the costs and time of doing business across the continent thereby inhibiting intra and inter-regional trade.
4. UNECA projected that with enhanced TF, the AfCFTA would increase intra-African trade by 21.9% of total trade of Africa by 2022.
5. UNCTAD estimated that if improvement in TF is realised within the AfCFTA, US\$85 billion would be added to intra-African trade; and this would represent a 128.4% increase by 2022..



How Trade Facilitation Will be Achieved?



Key Elements of the AfCFTA Annex 4-Trade Facilitation



1. The requirement to **publish** via the internet all information related to:

- Trade agreements, laws, procedures, documents, guidelines, fees and charges connected with import, export and transit
- Rules of classification
- Contacts of enquiry points
- etc

2. **Advance Rulings** to an applicant who has submitted a written application.

The advance rulings will cover the following:

- application of criteria it uses to determine the customs value of the good
- application of duty drawback, deferral, or other schemes of relief that reduce, reimburse, or waive customs duties;
- the preferential treatment for which the good qualifies;
- country of origin labelling requirements, including placement and method of marking;
- whether the good is subject to a quota or tariff-rate quota; such other matters as the State Party may decide.

Key Elements of the AfCFTA Annex 4-Trade Facilitation

1. Requirement to establish **single or multiple enquiry points**, to respond to reasonable enquiries traders and other interested parties
2. State parties to have **Pre-Arrival Processing** that allows for the submission of documentation to begin processing prior to arrival of goods to expediting the release of goods upon arrival
3. Adopt or maintain processes for **e-payment** for duties, taxes, fees and charges collected by customs/agencies on export and import.
4. Provides for the **Release of Goods separate** from the payment of duties, taxes, fees and charges. Sets the requirements for release of goods to include:
 - payment of customs duties, taxes, fees, and charges prior to or upon arrival of goods and a guarantee to pay yet to determined amount in the form of a surety, a deposit or another appropriate instrument provided for in its laws and regulations; or
 - a guarantee in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations.



Key Elements of the AfCFTA Annex 4-Trade Facilitation



1. Implementation of Risk Management for Customs Control.
 2. Risk Management System in an arbitrary or as unjustifiable discrimination, or a disguised restriction on international trade.
 3. Requires the concentration of customs control and other relevant border controls to be on high-risk consignments and expedite the release of low-risk consignments.
1. Sets out an indicative list of criteria for risk control including:
 - the Harmonised System code,
 - nature and description of the goods,
 - country of origin,
 - country from which the goods were shipped,
 - value of the goods,
 - compliance record of traders, and
 - type of means of transport.

Key Elements of AfCFTA Annex 4-Trade Facilitation

- ❑ To expedite clearance of Goods, Customs is expected to implement **Post Clearance Audits** based on risk selectivity.
- ❑ State Parties are encouraged to measure and publish their **average release time** of goods periodically and in a consistent manner, using tools such as the Time Release Study of the World Customs Organization (referred to in this Annex as the "WCO").
- ❑ State parties are expected to provide **enhanced trade facilitation measures to authorized operators-operators** who meet specified criteria.
- ❑ Benefits for Authorized operators may include:
 - ❑ low documentary and data requirements, as appropriate;
 - ❑ low rate of physical inspections and examinations;
 - ❑ rapid release time;
 - ❑ deferred payment of duties, taxes, fees and charges;
 - ❑ use of comprehensive guarantees or reduced guarantees;
 - ❑ a single customs declaration for all imports or exports in a given period; and
 - ❑ clearance of goods at the premises of the Authorised Operator or another place authorised by Customs.



Key Elements of AfCFTA-Annex 4-Trade Facilitation



1. Applies to the expedited release of cargo, subject to application and customs control
2. Requires Customs to release in the shortest possible time and or be available outside working hours the expedite release of perishable goods, subjected to all customs requirements to avoid loss and deterioration of such goods
3. Requires Customs to give priority to perishable goods when scheduling any examinations that may be required.
4. Requires state parties to apply all payments of fees and charges be limited in amount to the approximate cost of services rendered, which shall not be calculated on an ad valorem basis, and shall not represent an indirect protection to domestic goods or a taxation of imports, exports or goods in transit for fiscal purposes.
5. Requires state parties to publish a list of fees and shall not be applied until information on them has been published.

Key Elements of the AfCFTA Annex 4-Trade Facilitation



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1. Provision for the use of modern information and communications technology to expedite procedures for the release of goods, including those in transit.
2. Collaboration among State Parties for the implementation of mutually compatible electronic systems that enable the intergovernmental exchange.
3. State parties are to establish Single Window Systems-a single entry point for submission of documentation and information to all participating national authorities.
4. Ensure Freedom of Transit Traffic throughout territories
5. application of uniform procedures and documentation for import, export, and Transit. Documentation should not be a burden on trade

Key Elements of the AfCFTA-Annex 4-Trade Facilitation



1. Application of uniform import, export, and transit procedures and uniform documentation requirements for the release of goods throughout its territory.
1. Documentation will be adopted to expedite release of goods and reduces time and cost to trade and documents no longer required should be removed from use immediately.
1. Requires state parties **to apply all payments of fees and charges outside of duty to be limited in amount to the approximate cost of services rendered**, which shall not be calculated on an ad valorem basis, and shall not represent an indirect protection to domestic goods or a taxation of imports, exports or goods in transit for fiscal purposes.
2. Requires state parties to publish a list of fees and shall not be applied until information on them has been published.

Key Elements of AfCFTA Annex 4-Trade Facilitation

- ❑ Provides the opportunities for review and appeal of customs decisions-Ghana has set up Independent Tax Appeals Board
- ❑ The use of Custom Brokers will not be mandatory under AfCFTA, however, State Parties must notify the Secretariat and publish its measures on the use of customs brokers.
- ❑ Requires authorities and agencies responsible for **border control and to cooperate** with one another and coordinate their activities in order to facilitate trade.
- ❑ **Areas of Border Cooperation include:**
 - ❑ alignment of working days and hours;
 - ❑ alignment of procedures and formalities;
 - ❑ development and sharing of common facilities;
 - ❑ joint controls; and
 - ❑ establishment of one stop border post control



Key Takeaways on Trade Facilitation

1. Trade Facilitation benefits Compliant Traders
2. Trade Facilitation Instruments must be applied for or utilized, they are not automatically effected
3. Trade Facilitation is a shared responsibility between the private sector and businesses
4. Trade Facilitation does not only dwell with Customs, it involves other government agencies
5. For every trade facilitation benefit you enjoy, remember there are obligations, keep them!
6. Trade Facilitations benefits can be revoked, use them correctly
7. Trade regulations and requirements change frequently, stay updated



Thank you!
Any Questions?



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