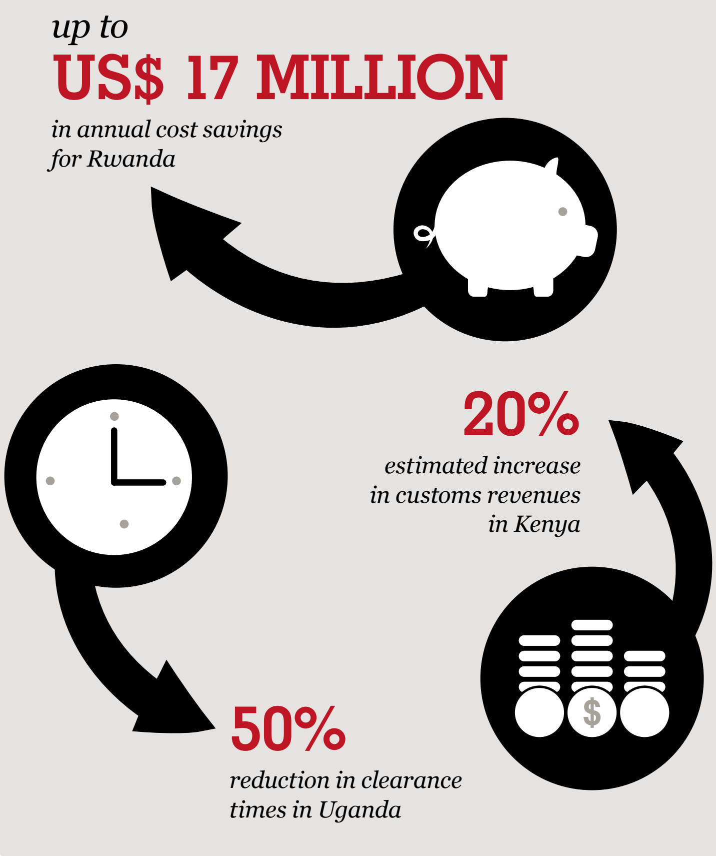
FRANK MATSAERT
Chief Executive Officer
TradeMark East Africa

TRADE FACILITATION *to bring billions in exports to East Africa*

Measures to upgrade customs management and the introduction of single-window systems have already generated measurable advantages



Trade facilitation will be in the spotlight at the Ninth World Trade Organization (WTO) Ministerial Conference in Indonesia in December. A deal, whether in Bali or later, will make it easier for companies worldwide to move their goods across borders. While a multilateral trade facilitation agreement is important for East Africa, the region has already made headway in improving trade facilitation and increasing the competiveness of its exporters.

The five partner states of the East African Community (EAC) – Kenya, the United Republic of Tanzania, Uganda, Rwanda and Burundi – have made significant gains towards regional economic integration by decreasing the costs of cross-border trade. TradeMark East Africa (TMEA), has been fortunate to participate and support these efforts to increase trade, growth and job creation, and to reduce poverty.

Costs related to trading in the region are among the highest globally and are 50% higher than in the United States and Europe, according to the World Bank. This is the result of gaps in infrastructure, lengthy border delays, red tape, poor regulation and lack of interconnectivity among systems used by the various government departments. Problems are compounded for the landlocked countries within EAC, with transport costs rising to 75% of the value of exported goods. According to the 1999 World Bank Paper *Infrastructure, Geographical Disadvantage and Transport costs*, if East Africa reduced its transport costs by 10%, trade could increase by more than 20%. In the coming decade, TMEA aims to provide US$ 500 million to reduce trade costs by 15%. For East Africa, this could bring economic benefits of US$ 17 billion until 2016.

While infrastructure improvements tend to get the most attention, less tangible but equally important trade facilitation reforms are combined with hardware investment. Here are some of the efforts being undertaken in East Africa today with TMEA's support.

One-stop border posts (OSBPs), or integrated border management reforms, include the development of physical infrastructure combined with systems at seven key border crossings in the region, with a budget of some US$ 100 million. OSBPs, once implemented, will reduce border-crossing times by at least 30% through integrated clearance processes and agency systems, and modern customs control methods such as risk management, post-clearance audit and pre-lodgement services of documents.

Measures to upgrade customs management and the introduction of single-window systems have already generated measurable advantages: up to US$ 17 million in annual cost savings for Rwanda, a 50% reduction in clearance times in Uganda, and an estimated 20% increase in customs revenues in Kenya, to name but a few. Meanwhile, the Burundi Revenue Authority has received US$ 20 million from TMEA to build capacity support, mainly for the establishment of the institution. This has resulted in a 110% surge in national revenue collection since 2010 – more than US$ 300 million – which has contributed to increased access to health services for 40,000 people. In South Sudan, support for the establishment of the Customs Authority has increased non-oil government revenue by more than 1,000% in just two years.

The harmonization of standards, so that home country certification is recognized across EAC, and the reduction and elimination of non-tariff barriers (NTBs) are also crucial for improved trade flows. Seventy-four (74) standards have already been harmonized regionally, affecting US$ 290 million in EAC trade. On non-tariff barriers, TMEA has supported national monitoring committees in identifying and targeting the biggest barriers and on which the partner states have pledged to act in 2014.

Adequate **port infrastructure** and productivity improvements are also key to successful trade facilitation. Through programmes totalling US$ 100 million, TMEA is supporting the ports of Mombasa, Kenya, and Dar-es-Salaam, United Republic of Tanzania, in improving their capacity and efficiency to meet the needs of trade growth and improve clearance times.

Engagement of the private sector is essential for successful trade-facilitation reform: it is businesses that know best which measures are the most harmful for successful cross-border trade. For example, the establishment of regional platforms has played a key role in raising and finding solutions to issues such as tax harmonization, services, tourism, standards and logistics. We have also established resource centres at key EAC borders for women cross-border traders, where we help them understand how to move their goods across the border more easily (see related article, page 36).

All of TMEA's programmes have been developed in response to partner demand at both regional and national levels using results-oriented solutions. Over a short timespan, TMEA and its partners have managed to achieve significant results using innovative approaches. While the job is not done yet, these extensive, inclusive, consultative partnerships have been vital to achieving trade-facilitation success in East Africa.

Traffic congestion at the Malaba Border Post between Kenya and Uganda. © TradeMark East Africa