



# Imani Development

## INVENTORY OF REGIONAL NON TARIFF BARRIERS: SYNTHESIS REPORT

### FINAL REPORT

**Prepared for: Regional Trade Facilitation Programme**

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## GLOSSARY OF ABBREVIATIONS

ACP	African, Caribbean and Pacific countries
AGOA	African Growth and Opportunity Act
BLNS	Botswana Lesotho Namibia and Swaziland
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
EPA	Economic Partnership Agreement
EU	European Union
EU-SAFTA	European Union-South Africa Free Trade Agreement
FDI	Foreign Direct Investment
FTA	Free Trade Area
GDP	Gross Domestic Product
GSP	General System of Preferences
IF	Integrated Framework
IMF	International Monetary Fund
LDC	Least Developed Country
NEPAD	New Partnership for Africa's Development
NTB	Non Tariff Barriers
SACU	Southern African Customs Union
SADC	Southern African Development Community
VAT	Value Added Tax
WTO	World Trade Organization

# 1. INTRODUCTION

## **Objectives of the Survey**

The main objective of the survey is to identify and analyse the nature and scope of Non-tariff barriers (NTBs) that hamper intra-regional trade in COMESA, EAC and SADC, thus impairing the ability of their Member States to optimise on gains from the trade preferences offered through their respective trading arrangements. All three regional economic communities (RECs) are currently at various stages of developing formal / structured mechanisms for identifying, monitoring and eliminating NTBs and are collaborating closely in this process. It is envisaged that these efforts will ultimately result in the adoption of a single NTB monitoring and elimination mechanism that will cover all three RECs.

## **Method of Analysis**

The study was divided into two main groups:

Group One included SADC and EAC Countries (excluding DRC) for which inventories of NTBs existed from the 2004 and 2005 studies. The surveys for these countries focused on updating are re-verifying the 2004 and 2005 studies. In addition, a review of the COMESA harmonised transit documentation and other related trade facilitation instruments will be done for those countries which are also members of COMESA.

Group Two included all other non-SADC/EAC COMESA countries plus the DRC but excluding Libya (11 in total) which required a full NTB survey to be completed.

Country consultants were tasked with conducting both a desk review as well as a selected number of interviews with key stakeholders, including relevant large retailers, importers, exporters, cross-border traders, transport companies, freight forwarders, other business people engaged in intra-SADC and EAC trade, Chambers of Commerce and Industry, customs services, trade ministries, and other government agencies. A standardised questionnaire and approach was developed prior to field work commencing. A similar methodology was used for both the Group One and Group Two countries to maximise synthesis of the reports across the various groupings. The major differences between the two approaches were that Group One countries just required an update of the existing studies, while the studies for Group Two required a new inventory to be developed. In addition, the issue of the COMESA Harmonised Transport Procedures was included for those member countries.

The review and compilation of the inventory of NTBs for each country was done according to the WTO NTB classification schedule for clarity and uniformity. In addition to this exercise further information was elicited with regard to regulations traders face as well as potential reporting structures and contact points for NTB monitoring and elimination within each country. Stakeholders in all three blocs were also given the opportunity to comment on the proposed NTB reporting template.

## **2. CLASSIFYING NON-TARIFF BARRIERS (NTBs)**

### **Introduction**

The ‘new’ international trade literature has not been very innovative with regard to modelling non-tariff trade barriers, such as transport costs. Recently, the attention of policy makers and international organisations has shifted to non-tariff barriers (NTBs) as sources of hindrance for further trade liberalisation and economic integration between countries. These non-tariff barriers are commonly modelled as a tariff equivalence to ad valorem tariff barriers. In doing so, it may be possible to capture the quantitative effects of these NTBs, though it is generally doubtful as to whether such measures can adequately capture the structural implications on trade and industry. It is fundamental to point out that no attempt is made in this particular paper to model the impact of the cited NTBs.

Nevertheless there is a consistent view expressed by the business operators that, as a whole, NTBs prevailing in the region have a serious impact on regional trade, business costs and market access. Agricultural products are the worst affected with particular commodities facing restraints such as import and export bans, quota restrictions, variable SPS and TBT restrictions, licensing requirements and seasonal restrictions. General manufactured goods face few restrictions and when they do exist they tend to be the need to meet national standards or rules of origin requirements. There is very little intra-regional trade in mineral products and restraints tend to be on exports such as single channel marketing, export permits and the like.

Thus, Non-Tariff Barriers (NTBs) have been identified as a major impediment to the progression of further integration within the region, and as tariff barriers fall so the importance of NTBs is highlighted. However, in many instances NTBs have become considerably less identifiable as trade liberalisation and tariff reform processes have been implemented over the last decade. In the past state intervention through price controls, foreign currency controls, import licensing and state marketing meant that such barriers to trade were obvious to all concerned. Today most of these controls have been lifted in most countries with the result that the prevailing NTBs tend to be more arbitrary, qualitative and non-transparent. Nevertheless they still exist in one form or another in all countries and depending on the product and the transaction lead to a reduction in intra-regional trade.

The 2004 Inventory Report on NTBs in SADC countries described NTBs as “any regulations to trade other than a tariff or other discretionary policies that restrict international trade”.

### **Types of NTBs**

A non-tariff barrier (NTB) can be described as “any regulation of trade other than a tariff or other discretionary policy that restrict(s) international trade”, for example export prohibitions; export quotas; export licensing; export duties and levies; and minimum export prices. The majority of countries in eastern and southern Africa are either full members or observers at the World Trade Organisation (WTO). The last concluded round of the WTO, the Uruguay Round consisted of far reaching agreements on trade liberalisation measures, which among other things envisaged the lowering of tariffs and non-tariff barriers to global trade.

Many NTBs may exist for legitimate reasons such as consumer protection or as a component of the business methods necessary for doing trade. These are sometimes referred to as

legitimate “trade measures”. These measures only become genuine NTBs when they are implemented in such a manner as to unnecessarily add to costs or inhibit trade, or are applied in an illegitimate manner.

The Uruguay round succeeded in lowering tariff barriers as well as other distortions in international trade. However, the reduction of tariffs as barriers to trade has brought into sharper focus the issue of non-tariff barriers, especially those relating to standards, technical regulations and SPS measures, which many developing countries did not pay much attention to at the time of signing these agreements.

In the last few years there have been an increasing number of meetings within the WTO structure to discuss the issue of NTBs. Various countries have submitted “positions” on NTBs and the WTO Secretariat has issued guidelines in order to assist in the process. Of particular relevance are the following from the WTO:

Within the mandate of the WTO are the following Agreements which can be classified as dealing with some aspects of NTBs:

- Customs Valuation Agreement (CV)
- Government Procurement Agreement (GP)
- Import Licensing Agreement (IL)
- Agreement on Sanitary and Phytosanitary Measures (SPS)
- Subsidies and Countervailing Measures Agreement (SCM)
- Technical Barriers to Trade Agreement (TBT)

Of interest is the following extract from a recent WTO Secretariat document dealing with non-tariff barriers:

“The WTO Secretariat has summarized Members positions by stating that to date the various proposals on modalities or on ways to address NTBs generally fall into five categories: 1) dispute settlement; 2) request/offer, bilateral, or plurilateral; 3) vertical or sectoral approaches; 4) horizontal or multilateral approaches, and 5) tariffication of NTBs.

It has also noted that Members will need all their determination, as the definition and classification of non-tariff barriers is notoriously challenging, so much so that there is no WTO definition. Although they maybe easily described, *a contrario*, as all barriers that are not tariffs, listing non-tariff barriers is almost impossible as such a definition includes a potentially unlimited number of obstacles. In general, apart from the straightforward category of border restrictions (e.g. import or export quotas), some non-tariff barriers can often best be described as procedures linked to the implementation of rules, as much as rules in themselves. Despite such constant change, barriers can be identified, even if attempts at systematic classification can be rather fruitless.

It is essential to distinguish between legitimate regulatory measures and the use of measures to establish unjustified barriers to trade. In contrast to legitimate non-tariff measures that are based on legitimate policy objectives such as public safety, health, security, environmental or consumer protection, non-tariff barriers may be dictated by protectionist designs, which are incompatible with GATT and WTO principles and impose unjustified burdens to traders.

As beneficiaries of preferential schemes, non-tariff barriers are increasingly becoming one of the main market access concerns. For instance preferences can not be used to the full because of the restrictive nature of the rules of origin. Hence rules of origin may be harmful in restricting the capacity of African countries to take advantage of market access opportunities that are available. There is also a need to look at the use of other measures that in principle conform to the WTO rules such as anti-dumping and countervailing measures, SPS and TBT among other measures. While there may be legitimate reasons for these, sometimes they are used for purely protective purposes. It is recognized that it may not be feasible to quantify the degree to which they act as market access impediments. However, it is crucial that they are addressed in the negotiations as whatever gains are made through tariff concessions may be nullified by the incidences of this form of market access barriers.

Many NTBs are linked to legitimate public policy objectives, for example health, safety or environmental protection, and may be in place for valid regulatory reasons. It is therefore not feasible simply to reduce or eliminate an arbitrary proportion of such measures. But given the WTO Ministerial mandate, neither can negotiators avoid addressing them. Some of these measures impose unnecessary costs on business and consumers or distortions to trade. This is especially the case where the differences or variation in for example product mandatory standards (i.e. technical regulations) and procedures for assessing compliance with those technical regulations (i.e. conformity assessment) among major global markets itself imposes significant costs on business. In line with the mandate, the Negotiating Group on Market Access does need to seek effective ways to reduce or eliminate the NTBs which cause those costs.”<sup>1</sup>

### **General Classification of NTBs**

Broadly most NTBs would fall into the following categories

Misuse of internationally agreed measures governing product qualities, normally established for consumer protection, and not directly aimed at the limitation of international trade. This includes misuse of measures concerned with food safety, plant and animal health (SPS) and technical standards. It includes also the misuse of measures protecting national security.

Misuse of internationally agreed measures to impede commercial strategies that inhibit free trade, such as anti-dumping measures and safeguard clauses.

Misuse of measures directed at the enforcement of trade agreements, such as rules of origin.

Imposition of charges for services or clearances other than those internationally agreed, or above internationally agreed levels. This includes import and export licence fees, administrative charges, transit bonds, and special deposits.

Misuse of legal measures concerning immigration and movement of persons (passports, visas, health documents).

Improper administrative interventions. Customs authorisations and procedures may be used to impede the passage of products and traders.

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<sup>1</sup> Extract from: Negotiating Group on Market Access - Overview of Proposals Submitted - Non-Tariff Barriers - Note by the Secretariat – Revision TN/MA/9 Rev 1 29/10/2004

Lack of capacity to meet SPS and other quality standards imposed by importing countries. The lack of harmonised SPS and other quality standards within the SADC region may also constitute a NTB.

Inadequate trade-support services: finance; insurance; transport services; market information; electronic communications systems, standards authorities. Barriers include lack of nation-wide availability of services.

Although not strictly an NTB, deficiencies of infrastructure such as ports, roads, airports, and border posts pose what many would argue the most significant constraint to trade in the region. Hence, for the purposes of COMESA and SADC infrastructure and transport issues were given equal weight in determining NTBs in the region.

Some of the most common NTBs are elaborated below for further clarification:

*Technical Regulations and Standards:* Technical regulations and industrial standards are important, but they vary from country to country. The WTO agreement on Technical Barriers to Trade tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles.

*Import Licensing:* Import licenses have proved to be effective mechanisms for restricting imports. Import licensing is subject to disciplines of the WTO. The agreement on Import Licensing Procedures says that import licensing should be simple, transparent and predictable. For example, the agreement requires governments to publish sufficient information for traders to know how and why licenses are granted. It also describes how countries should notify the WTO when they introduce new import licensing procedures or change existing procedures. The agreement offers guidance on how governments should assess applications for licenses.

*Rules for the Valuation of Goods at Customs:* For importers, the process of estimating the value of a product at customs presents problems that can be serious as the actual duty rate charged. The WTO agreement on customs valuation aims for a fair, uniform and neutral system for the valuation of goods for customs purposes - a system that conform to commercial realities, and which outlaws the use of arbitrary or fictitious customs values. The Agreement provides a set of valuation rules, expanding and giving greater precision to the provisions on customs valuation in the original GATT.

*Pre-Shipment Inspection:* The obligation placed on governments which use pre-shipment inspections include non-discrimination, transparency, protection of confidential business information, avoidance of unreasonable delay, the use of specific guidelines for conducting price verification and the avoidance of conflicts of interest by the inspection agencies.

*Rules of origin:* Rules of origin are the criteria used to define where a product was made. They are an essential part of trade rules because a number of policies discriminate between exporting countries: quotas, preferential tariffs, anti dumping actions, countervailing duty. Rules of origin are also used to compile statistics.

The first agreement on the subject required WTO members to ensure that their rules of origin are transparent; that they do not have restricting, distorting or disruptive effects on international trade; that they are administered in a consistent, uniform, impartial and reasonable manner; and that they are based on a positive standard.

*Import Quotas:* The challenges of using quotas are that they:

Breed corruption, as licensing authorities may request bribes from quota applicants;  
They may cause serious welfare losses, if they create monopoly power.

*Government Procurement:* Governments tend to buy domestically produced goods even if they are more expensive. Considering the volume of government purchases, this could be considered an important source of import barriers. This has been used by several governments both in the developed and developing world as an attempt of growing domestic industries.

*Domestic Content Requirements:* Governments have used domestic content regulations to restrict imports. The intent is usually to stimulate the development of domestic industries. Domestic content regulations typically specify the percentage of a product's total value that must be produced domestically in order for the product to be sold in the domestic market. Several developing countries have imposed domestic content requirements to foster agricultural, automobile, and textile production. They are normally used in conjunction with a policy of import substitution in which domestic production replaces imports.

More broadly, there are three broad categories of non-tariff barriers:

Health, safety and environment NTBs: these barriers include exports bans, SPS requirements, standards and conformance requirements;

Trade policy NTBs: these barriers include broader policy measures including public export assistance, export taxes, import licenses, import quotas, production subsidies, state trading and import monopolies, tax concessions, trade remedy practices (such as anti-dumping, safeguard and countervailing measures);

Administrative NTBs: these barriers include customs clearance delays, lack of transparency and consistency in customs procedures, overly bureaucratic and often arbitrary processing and documentation requirements for consignments, high freight and transport charges, and generally, services that are not user-friendly.

Particularly useful for the purposes of this study has been the Inventory Categorisation that has been presented for consideration by the WTO Secretariat. The categorisation divides NTBs into seven Parts, with each Part having a series of sub categories. Actual categorisation can be open to some interpretation but in most cases the process is quite straightforward.<sup>2</sup>

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<sup>2</sup> The WTO Categorisation is presented in the Annex

### **3. THE HISTORY AND STATUS QUO OF NTBS IN THE REGION**

#### **A BRIEF HISTORY OF REGIONAL INTEGRATION IN THE REGION**

Intra-regional trade in eastern and southern Africa has been boosted in recent years by regional trade agreements, namely through COMESA, SADC as well as through other institutions such as the EAC and SACU. The intricate ‘spaghetti bowl’ of trade agreements in the region means that as far as possible further integration efforts need to be harmonised. The following section highlights the origins and current status of COMESA, SADC and the EAC with regard to trade.

The Southern African Development Community (SADC) emerged out of the Southern African Coordination Conference (SADCC). With the new independence of Zimbabwe in 1980, the southern African states formed the SADCC to coordinate their actions and reduce reliance on apartheid South Africa. As South Africa moved towards political liberalisation the purpose of the SADCC changed as it welcomed the new South Africa. In 1992 the name changed to SADC and the group began to focus increasingly on trade issues, with the SADC protocol on trade launched relatively recently in 2000. When South Africa joined, SACU became a more integrated sub-set of SADC although some members (currently Swaziland) are also members of COMESA.

As SADCC’s original vision was not particularly focused on trade liberalisation the majority of SADC states were also members of the Preferential Trade Area for Eastern and Southern African States (PTA) established around the same time in 1983. The PTA has since evolved further into the Common Market for Eastern and Southern Africa (COMESA) with an effective free trade area amongst a number of the members, and the organisation is close to forming a customs union. Thus the situation exists where many countries are dual members of SADC and COMESA, having joined the two organisations for different reasons. It is only fairly recently that the overall objectives of SADC and COMESA have become increasingly similar, as SADC has moved increasingly towards trade liberalisation and aims to form a free trade area by 2008 and a customs union by 2010. COMESA currently has a free trade agreement operational amongst a number of its MS and is currently finalising plans for the establishment of a CU.

The East African Community (EAC) contains members of both SADC and COMESA. In its first incarnation in 1967 the EAC operated a fully fledged customs union that arose in response to solidarity in the newly independent former East African Territory states of Kenya, Tanzania and Uganda. However, this first agreement soon fell apart and was re-launched in 1999, with a customs union launched in 2005. The new EAC was established in order to fast-track liberalisation amongst the three neighbouring states and was originally viewed as progressive liberalisation of a group of COMESA countries. However, Tanzania since opted to withdraw from COMESA when forming the new EAC. The EAC currently comprises of the three original countries in addition to Rwanda and Burundi which were admitted in November 2006.

#### **NTBs and COMESA**

In addition to other programmes to promote trade (such as the FTA and CU), COMESA has adopted a Road map to eliminate non-tariff barriers (NTBs) which impede flow of intra-COMESA products. The 22nd Council of Ministers has decided that a permanent mechanism be established for the expeditious resolution of issues arising from NTBs be established. Article 49 of the COMESA treaty gives special focus in the elimination of non-tariff barriers:

*"Except as may be provided for or permitted by this Treaty, each of the Member States undertakes to remove immediately upon the entry into force of this Treaty, all the then existing non tariff barriers to the import into that Member State of goods originating in the other Member States and thereafter refrain from imposing any further restrictions or prohibitions."*

The member States have also recognised the importance of reducing technical barriers to trade and preventing the emergence of new ones so as to facilitate intra-COMESA trade and market access for products, thereby enhancing exports and generating employment. In this respect, the member States have agreed to implement a common, comprehensive, coherent and operational external strategy regarding NTBs, whose implementation should not be to the detriment of legitimate demands for better protection of health, safety and the environment and that should not put national market regulatory regimes in jeopardy.

The member States have thus reached consensus on a NTBs monitoring and elimination instrument, to be administered at the national level. The application of this instrument, however, has been constrained by the lack of consensus over the national trade laws, regulations, practices and procedures that are to be categorised as NTBs.

The current NTB notification and resolution mechanism in place involves enterprises submitting the COMESA Enquiry Form to the Trade and Customs Committee in COMESA via the COMESA Secretariat. This committee includes representatives of both the private and public sector. A recent development has been a proposal to grant the Secretariat supra-national powers to deal with non-action by MS. Recently the Regional Trade Facilitation Programme (RTFP) has assisted COMESA in the short-term funding of an NTB Monitoring Officer (MO) to implement the Non-Tariff Barrier Monitoring system that has been developed by the Secretariat and its Member States. The NTB Monitoring Officer reports to the Director of Trade, Customs and Monetary Affairs of the COMESA Secretariat. It is expected that this post will continue to be financed by COMESA after the initial funding period covered by RTFP has ended.

A primary responsibility of the Monitoring Officer has been to compile an NTB database for COMESA. This database will comprise of information from the COMESA Enquiry Form and the 2007 COMESA/SADC NTB Survey Reports compiled during this study. The Monitoring Officer will also monitor the progress made in the removal of the NTBs reported in this survey. In addition, COMESA will compile a list of stakeholders in the private sector (freight forwarders, traders, clearing agents, etc) with their telephone numbers, addresses, email addresses and fax numbers, as well as a list of all national NTB focal points in COMESA countries.

In the course of action, the MO will notify the reported NTBs to the appropriate national NTB focal point and recording the date and time of notification on the database. The NTB focal points will then need to record the actions taken with the MO.

Currently the database produces reports with the following fields:<sup>3</sup>

Country Imposing:  
Country Reporting:  
Description of Product:  
Description of NTB:  
Action Taken:  
Status:

### **NTBs and the EAC**

The EAC, having the greatest level of trade integration of the three blocs recognises that NTBs are now the major stumbling block to greater trade in the region. A survey of NTBs was completed for the EAC in 2005 which identified the following categories of NTBs that were impeding trade in the bloc:

- (a) Customs documentation and administrative procedures – these include nonstandardised systems for imports declaration and payment of applicable duty rates, limited customs working hours, different interpretation of the COMESA Rules of Origin<sup>4</sup>, application of discriminatory taxes and other charges on imports originating from amongst the three countries, cumbersome procedures for verifying containerised imports, problems in blocking the marketing of counterfeit products, and diversion of transit goods into the region
- (b) Immigration procedures - includes nonstandardised visa fees and procedures for application of work permits, cumbersome and duplicated immigration procedures.
- (c) Quality inspection procedures – delays in inspection of commercial vehicles, cumbersome and costly quality inspection procedures, unnecessary quality inspections (including of products certified by accredited laboratories and of imports originating from the EAC bearing certification marks issued by the three East African Standards Bureaus), nonstandardised quality inspection and testing procedures and varying procedures for issuing certification marks.
- (d) Transiting procedures – cumbersome, nonstandardised and costly.

### **NTBs and SADC**

SADC has also embarked on a process to eliminate NTBs. Article 6 of the Protocol on Trade briefly alludes to non-tariff barriers (NTBs) as follows:

“Except as provided for in this Protocol, Member States shall, in relation to intra-SADC trade:

- Adopt policies and implement measures to eliminate all existing forms of NTBs.
- Refrain from imposing any new NTBs.”

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<sup>3</sup> See Annex for an example of such a report

<sup>4</sup> Where products are not wholly produced in the EAC and an EAC rule of origin has not yet been agreed, COMESA rules of origin are used in the interim.

In pursuance of the Protocols' provisions on NTBs, the 6<sup>th</sup> Special Meeting of the SADC Committee of Ministers of Trade and Industry, held in Dar es Salaam, Tanzania, on 8 November, 1999 agreed on two broad areas of NTBs, namely core NTBs that should be eliminated immediately on commencement of the FTA implementation process, and other NTBs for gradual elimination. There has been substantial progress in the reduction of a number of these core NTBs since this time. The core NTBs were identified as:

- Cumbersome customs documentation and procedures;
- Cumbersome import and export licensing/permits
- Import and export quotas (except those concerning special sensitive products as any be specified);
- Unnecessary import ban/prohibitions.

With regards to technical regulations, in the case of TBTs, these are being addressed through already active SADC SQAM structures. The Secretariat is in the process of reactivating the Co-ordination Committee on Sanitary and Phytosanitary Measures and Technical Barriers to Trade (CC-SPS/TBT), a body tasked with ensuring a coordinated approach to addressing TBT and SPS issues. Among its first tasks will be the finalization of the current two draft annexes to the Protocol covering harmonisation of SPS and TBT measures. It should however be mentioned here that the Mid-Term Review of the Protocol on Trade observed that technical regulations, SPS and standards do not seem to be used generally as a protectionist tool, although frequent abuse of these measures was reported. The main concerns were identified as the lack of transparency and problems of implementation.

As part of the Mid-Term Review (MTR) of the Protocol on Trade, SADC through the Regional Trade Facilitation Programme (RTFP) conducted NTB inventory studies in Member States which as expected confirmed the prevalence of NTBs in the region. The MTR came up with recommendations for SADC's consideration which have subsequently been included for consideration in further discussions.

The 17<sup>th</sup> Special Ministers of Trade meeting, held in August 2005, which reviewed the MTR recommendations, and noted that Member States had agreed to confirm in writing the findings of the country inventories and that the information should be submitted to the Secretariat to facilitate the convening of a regional symposium to arrive at an Action Plan for the elimination of NTBs. Ministers also noted the observation that the issue required deeper analysis and that consultations with various stakeholders were still on going. Secretariat noted that there was need to look into the issues presented in the reports progressively and examine critically the measures within Member States. Ministers:

- Urged Member States to continue with consultations on the inventory studies.
- Directed the Secretariat to consolidate all past work and decisions on NTBs and thereafter facilitate, by the end of November 2005, the convening of a regional symposium to draw up an Action Plan for the elimination of NTBs.

A subsequent TNF meeting in April 2006 noted that resources to conduct the envisaged regional workshop were not secured as expected and urged Member States to continue with consultations on the inventory studies and submit final comments to the Secretariat by end of June 2006.

The 23 October 2006 SADC Extra-Ordinary Summit added its weight to the efforts to scale up the implementation of the FTA and directed the (Joint) Ministerial Task Force (established by the August 2006 Maseru Summit) to develop an Action Plan for monitoring and elimination of NTBs.

### **Current Status of SADC Progress on NTB structures**

On 20-21 November 2006, SADC in collaboration with The Regional Trade Facilitation Programme (RTFP) convened a two day symposium for private sector participants, trade and customs officials from which recommendations emerged on how to:

1. Categorize various types of NTBs and establish parameters of acceptable and non-acceptable NTBs in line with international norms;
2. Establish a NTB problem-solving mechanism based on best (regulatory) practice, below the level of a formal dispute settlement process;
3. Establish an Action Plan for NTB notification, monitoring and negotiation as well as dispute settlement; the action plan will categorise NTBs into those targeted for immediate elimination and those that will be phased out over an agreed period of time and suggest the process for implementation;
4. Establish a regulatory and institutional framework for dealing with current and future NTBs.

The workshop recommended that SADC should adopt the WTO inventory for categorizing non-tariff barriers as the basis for notifications of NTBs. In addition, to avoid arbitrariness in the use of NTBs, and to enhance clarity, SADC countries should forward their proposals on the adoption of a regional definition of NTBs to the Secretariat preferably arrived at in consultation with private sector stakeholders. Thereafter that SADC develops and adopts a comprehensive definition of a NTB to guide the process for their identification, notification, elimination, rationalisation or harmonization.

Categories of NTB that were highly prevalent in the region with high to medium impact on trade and needed immediate removal were identified as:

- Cumbersome customs procedures and documentation,
- Restrictive charges not being import or export duties and
- Prohibitive transit charges

NTBs with high to medium prevalence, medium to low impact on trade and requiring removal or harmonization within the medium term (1-2 years) include:

- Restrictive single channel marketing
- Cumbersome import licensing permits
- Cumbersome export licensing permits and
- Cumbersome visa requirements

NTBs identified to have medium to low prevalence, low impact on trade and requiring medium to long term removal (2-5 years) included:

- Unnecessary import bans and quotas
- Pre-shipment inspection most of which have been eliminated and

- National Food Security restrictions.

Technical barriers to trade and SPS measures were not considered in depth as they are being addressed under the SADC SQAM structures. It was however observed that they were highly prevalent and impacted on trade but this impact was sector dependant.

### **Proposals for Notification, Monitoring and Negotiation**

The workshop recommended the following proposals for notification of NTBs in SADC:

- Reports on NTBs would first be made to the National SADC Committee of the Members State to which the trader/enterprise belonged copied to the Secretariat.
- The Secretariat would follow up the report with the Member State maintaining the NTB for a resolution.
- If no resolution is achieved within a reasonable time, (possibly two weeks) then the report would be submitted to the proposed Task Team on NTBs.
- Amicable bilateral resolution will be the first objective
- If this fails, then recourse would be to experts nominated from a Member State not party to the dispute for arbitration through agreement of the disputing parties.
- In the absence of an amicable resolution, reference to the SADC Dispute Settlement mechanism for final determination would be a last and final resort.

### **Recommendations on Notification and Action Plans**

The following recommendations were agreed by the workshop:

- Consultations on the proposed template form for reporting NTBs would be carried out in all Member States and submissions made to the Secretariat by mid February 2007.
- Private sectors in each Member State should designate a focal point on NTBs who would be able to channel all reports on NTBs to their National SADC Committee.
- Each Member State should formulate an Action Plan in consultation with all stakeholders using the template to be circulated by the Secretariat.
- Action Plans should be submitted to the Secretariat by the end of February 2007 before the CMT's meeting in March 2007.

### **Current Status of COMESA Progress on NTB Elimination Process**

COMESA in collaboration with The Regional Trade Facilitation Programme (RTFP) convened a two day symposium for private sector participants, trade and customs officials in Nairobi on 27-28 June 2007 to consider Non Tariff Barriers. A full report of the workshop has been issued. Key issues and recommendations were as follows:

#### Status Report from COMESA Secretariat

The Secretariat gave an update on the progress achieved in the implementation of the Council Decisions on elimination of NTBs with regard to:

- (i) designation of NTB Enquiry Points by member States;

- (ii) utilisation of the format for reporting NTBs;
- (iii) urging member States to eliminate reported NTBs;
- (iv) ensuring that the “*Status Report on NTBs*” is a permanent agenda item for all Trade and Customs Committee meetings;
- (v) undertaking missions to member States to discuss NTB related issues;
- (vi) development of a web-based database for the NTB on-line reporting and monitoring system which should be operational by September, 2007; and
- (vii) a dedicated office on NTB matters has now been established at the COMESA Secretariat.

Other actions undertaken by the Secretariat in relation to the elimination of NTBs included:

- (i) ***Meetings by Directors of Customs***: these meetings aim to ensure, amongst other things, that goods are cleared smoothly. It is important that all documentation requirements be standardized so that all member States are using the same documentation before the Customs Union is effective.
- (ii) ***Training of Customs officers***: A COMESA training policy, strategy and action plan as well as training modules on the Treaty, Customer Care, Integrity and Customs Valuation was adopted by 16<sup>th</sup> Meeting of the Council in Lusaka, Zambia, in December 2003.
- (iii) ***Action Plan to Promote Integrity in Customs***: This was adopted by Council and has been circulated to all member States for implementation. The Directors of Customs endorsed a training policy, strategy and action plan on Integrity in Customs at their meeting in Kigali, Rwanda, in May 2003.
- (iv) ***Harmonization of Standards***: Directors of COMESA Standardization and Quality Assurance have agreed and mutually recognized over 200 common standards to facilitate trade development.
- (v) ***Other measures***: such as the Regional Customs Bond Guarantee Scheme (RCBG) and Simplified Trade Regime (STR).
- (vi) ***Co-operation with other RECS***: The three regional economic communities (RECs) of COMESA, SADC and EAC are currently at various stages of developing formal and structured mechanisms for identifying, monitoring and eliminating NTBs and are collaborating closely in this process through the facilitation of the Joint Task Force comprising of COMESA, SADC and EAC.
- (vii) ***Development of an NTBS monitoring mechanism***. In conformity with the decisions of the 21<sup>st</sup> and 22<sup>nd</sup> Meetings of the Council of Ministers, the Secretariat has undertaken comprehensive country surveys with the technical and financial support of the Regional Trade Facilitation Programme (RTFP) that aims to provide information on the main NTBs as well as quantitative

impact on volume, composition and direction. The workshop had been convened to consider the findings of these studies.

Key recommendations from workshop:

1. COMESA should circulate details of all the enquiry points.
2. A regional meeting of the notified enquiry points should be organised to agree on operational modalities.
3. Member States that have not notified the Secretariat of the designated NTBs Enquiry Points should do so by 31st August, 2007.
4. Member States should report NTBs incidences through application of the reporting instrument
5. Member States should submit comments on the Country Surveys by 13th July in order to enable finalization of the reports.
6. COMESA should review administrative procedures for origin certificate to ensure that they do not become barriers to intra-COMESA trade.
7. The issue of interpretation of the provisions of the rules of origin should be addressed through capacity building activities by COMESA Secretariat and member States. The administrative issues that have constrained intra-COMESA trade over a number of years should be vigorously addressed by the Secretariat in order to promote intra-COMESA trade.
8. COMESA should put in place a robust programme to harmonize standards, a regional SQMT programme that can provide a platform for regional mutual recognition of standards, and testing for conformity to regional technical regulations.
9. The Secretariat should utilize the survey materials to conduct an impact assessment on the major NTBs, identify those NTBS that require technical inter vent ions prior to elimination from those that require political decisions, and also identify those NTBS that are as a result of lack of implementation of treaty provisions and Council decisions.
10. The technical work programme incorporating the COMESA NTB Report Form, the categorization and elimination matrix and the guide to reporting, monitoring and elimination was recommended for utilization and implementation by all member States.

An action plan was presented and adopted by the workshop to guide the next steps in the process of eliminating NTBs from the region.

## 4. CONCLUSIONS

It has been observed that in the absence of direct and full dialogue between government and the private sector, the problem of NTBs was likely to continue unabated. There was a need to have a benchmark on the basis of which NTBs could be evaluated. This study has taken a step in this direction. It will be noted in the country reports that there are numerous examples given by the business community of the barriers they face. These examples are often very product and country specific and some observers may brush them aside as being petty barriers, but cumulatively they present a consistent picture of cumbersome and non-transparent bureaucracy hindering the flow of trade. Such barriers always add to the final cost of a product which cost in turn is borne by the consumers.

### The Prevalence of NTBs

Non-Tariff Barriers within the region have become considerably less identifiable as trade liberalisation and tariff reform processes have been implemented over the last decade. In the past state intervention through price controls, foreign currency controls, import licensing and state marketing meant that such barriers to trade were obvious to all concerned. Today most of these controls have been lifted in most of the countries with the result that the prevailing NTBs tend to be more arbitrary, qualitative and non-transparent. Nevertheless they still exist in one form or another in all of the countries under review and depending on the product and the transaction can be effective in reducing intra-regional trade.

After reviewing the input from the country reports it is possible to group the most prevalent NTBs in the region as follows:

**1. Arbitrary NTBs:** There are a plethora of such NTBs, most of which tend to be very product specific and sometimes of seasonal or limited duration. Included in this category are such actions as follows:

NTB	Primary Reason
Non-acceptance of SADC / COMESA Certificate of Origin	Non-notification of change of verifying signatures, suspicion of authenticity of declaration
Changes in road and border tolls	Short-term revenue generation
Temporary bans on selected products	Local industry protection, vested interests, health protection
Non-acceptance of certificates and trade documentation	If the documents are in order then often due to corrupt practises as border posts
Visa requirements	Lack of harmonisation and

	revenue seeking
Non-acceptance of national Standards	Inability for verification at national level, lack of regional accreditation processes, MRA not in place
Pre-shipment Inspection	Prevent transfer pricing and under-invoicing
Restrictions on transport mode	Protection of local transporters, revenue collection
Incorrect tariff classification	Corruption, revenue collection, lack of suitable training
Poor collection and dissemination of trade data	Inadequate human resources, lack of computerisation.

**2. Agricultural NTBs:** Without a doubt and somewhat ironically the biggest barriers faced by traders within the regional is in agricultural commodities, The irony is that the developing countries are clamouring for easier access for there agricultural commodities into the developed world, and within the ESA region agricultural output is the most important part of nearly every country's economy. However when it comes to intra-regional trade the most prevalent NTBs exist in agriculture.

**3. Customs Administration:** This still appears to be a significant NTB in the region. The disparity in the efficiency and effectiveness of Customs administration in different countries is huge. It ranges from highly computerised systems linking Customs and traders enabling goods to be cleared in a matter of hours, to very bureaucratic, corrupt, manual systems that can see goods taking weeks to clear.

This is not to denigrate the improvements that have been made in a number of countries. The positive impact of the adoption of harmonised systems such as ASYCUDA, the harmonisation of documentation, the use of the SADC and COMESA Certificates of Origin and increased application of IT solutions is beginning to be seen, at least at the major ports of entry. There are noticeable success stories where Customs Administrations have been revamped, professionalized and overall working conditions improved. The results have been dramatic in terms of reduced corruption, increased revenue collection and improved transaction times for traders.

**4. Infrastructure:** Technically the quality of infrastructure (including the cost and efficiency of public utilities) is not an NTB, but in the context of regional trade, it can be the most important barrier to trade. Nearly every country report has raised the issue of poor road, rail, air and port facilities. The time and cost of transport is a massive burden to the land-locked countries (internal transport often costing as much or more than the cost of shipping a product from overseas). Variable tolls, variable axle-loading regulations, different insurance and bond

guarantee systems etc all add to the burden of moving goods within the region. There has been improvement through the adoption of COMESA harmonised documentation and regulations.

### **Way Forward: An Example**

There is a very obvious proportional relationship between lowering trade barriers and the increase in intra-regional trade. The single biggest action in this regard was the return of South Africa to international acceptance after the first democratic elections. Coupled with economic structural adjustment and trade liberalisation, the region has witnessed an upsurge in intra-regional trade over the last ten years. The question that can be posed – has there been a commensurate increase in the capacity and efficiency of the trade facilitators, namely Customs officials, border post management, Ministries that issue permits, tax authorities and the like dealing with intra-regional trade? From the input provided to this study, in many countries it does appear that there has been an improvement but more needs to be done. The Mauritian approach is a useful example of what national trade administrations should aim for, and is in line with world best practise.

#### ***CASE STUDY: Mauritius: How to Improve Trade Transactions***

*In order to facilitate the processing of bills, the Mauritius Customs and Excise Department has set up the Mauritius Trade Net system. The objective was to process bills electronically and thus provides a rapid service for the clearance of goods with reduced administrative hassles.*

*The Electronic Data Interchange network links all commercial operators with the Customs and Excise Department. In fact operators such as the Customs House Brokers, Clearing and Forwarding Agents, and importers who are registered at the TradeNet System submit their Customs declarations electronically through TradeNet. After processing, electronic responses of the acceptance or rejection of the declarations are sent to their offices.*

*With this system the clearance formalities are completed within an overall turnaround time of one hour for both seaport and airport sites, and messages for cargo release are, immediately after, sent to clearing warehouses. The importers are also informed to proceed for the removal of their goods.*

*In addition to the above service the Mauritius Customs also runs a free Tariff Information Service whose role is to provide, on request, information and advice on the rates of duty and taxes applicable on imported goods. The advantage is that it helps importers to know, beforehand, the cost of importing goods and thus avoids time consuming disputes at time of clearance. The Mauritius customs also provides all relevant information about duties and taxes on the internet.*

Intra-regional trading has tremendous capacity to spawn significant employment in the service sectors, lower consumer costs and generate revenue for the fiscus but to achieve this potential it is necessary for the member states to not only increase the pace of regional harmonisation and trade facilitation, but also to invest more in the physical and human infrastructure that enables such trade to take place.

## 5. RECOMMENDATIONS

In order for the Member States to move forward on the reduction and elimination of NTBs they will need to follow through on an agreed process, whereby a country's National Contact Point notifies their counterpart in the other country in order to resolve the problem on a bilateral level. If there is no success then notification is to be provided to the relevant REC Secretariat of the NTB. This can then be tackled through the appropriate Committee or Expert Group.

However it is also recommended that the Member States and the REC Secretariats be more proactive in this regard by undertaking the following steps:

1. Convening a symposium of NCPs, trade and customs officials, the private sector and facilitated by trade experts to arrive at an Action Plan for the elimination of NTBs. Such a plan would: agree on NTB categorisation; agree on the parameters of acceptable and non-acceptable NTBs; establish the mechanism for NTB negotiation and dispute settlement; and agree on a time frame for harmonisation of acceptable NTBs and the elimination of non-acceptable ones. (Undertaken at COMESA Workshop on NTBs, June 2007)
2. The country reports show that there are NTBs that have variable impact (low, medium or high) on regional trade, business costs and market access. The focus of attention for reduction or elimination should be on those that have a medium to high impact. However it should also be borne in mind that some of the low impact NTBs could be relatively easy and quick to remove and would demonstrate Member States willingness to ease the "hassle factor" in intra-regional trade.
3. Given that many NTBs in the region are not only of a bilateral nature it is important that countries agree to tackle them on a multilateral (regional) basis. It would be appropriate to negotiate the reduction/elimination of the NTBs under thematic areas and from this study the key areas would appear to be the following:

Agricultural products (including SPS issues and single channel marketing)

Standards harmonisation

Visa harmonisation (travel and work)

Transport and transit (infrastructure, charges, tolls, permits etc)

Customs procedures and documentation

Border post management and services

Import and export permits and licenses (if not covered elsewhere)

Anti-corruption mechanisms.

4. A further approach that would lessen the perception of unfair or arbitrary NTBs would be if it became obligatory for any Member State to first notify the REC Secretariat of any intention to impose a legislative, ministerial or regulatory NTB on

any product or service. It would include a justification and duration for such an NTB. Such notifications would then be circulated to all Member States. Only through transparency and information sharing will such barriers to trade be understood.

5. COMESA has an ongoing programme for monitoring NTBs whereby there is a procedure for traders to notify the Secretariat of problems being encountered. It would be useful for all REC Secretariats to participate in this monitoring programme and to make it a joint exercise between the institutions.
6. The REC Secretariat websites could have all the necessary forms for traders to download and a summary of procedures when exporting from Country X to Country Y. It could also be possible for traders to post messages to the website notifying the Secretariat (and other stakeholders) of constraints being faced at particular border posts, or in trading particular commodities to other countries in the region. One of the best methods of countering excessive or unfair NTBs is the wide sharing of information to ensure transparency.
7. A major possible NTB is the unpredictability of legal recourse which can be a serious barrier to intra-regional trade, and ought to be addressed. At the very least, the countries of the region need to be inventoried in respect of their commitments under the New York Convention on the Recognition and Enforcement of International Arbitral Awards, as well as their commitment to bringing their domestic legislation into line with the UNCITRAL Model Law on International Arbitration, and that some attempt is made to provide predictable, cost effective legal recourse to traders who have cross-border disputes involving contracts.

The formal process of eliminating NTBs may require the following systematic approach which in turn can form the basis for an NTB Elimination Action Plan:

#### **Elimination of NTBS: Steps to be taken**

The basic scheme for eliminating NTBs is presented below. This presumes that political commitment at the highest official level exists so that carrying out the tasks becomes only a technical matter.

1. Reexamine each of the verified NTBs and classify them correctly, indicating their purpose and implementing procedures.
2. Select NTBs that are unnecessary and can be removed without being replaced with alternative measures. Automatic import licensing is an example.
3. Prepare to eliminate the first set of NTBs identified as potentially highly nontransparent and discriminatory. Specify the requirements of the alternative measures that will replace them. In the case of tariffs which are to replace non-automatic licensing, quotas, or administrative pricing, estimate the rates for each product affected. This must be done within the context of the appropriate FTA scheme and may require a rationalization of the whole tariff structure. In the case of risk management and post-entry audit at customs, develop a system and build customs capacity to implement it.
4. Undertake similar preparations for the second set, i.e. road transit charges, prohibitions on non-sensitive goods, and single channel for imports. For the last set which may be SPS,

standards and TBTs, a longer timeframe will be necessary if it involves significant resource allocation.

5. Study the main official documents (laws, regulations, decisions) which serve as the legal basis for each NTB. Ascertain the procedural and time requirements for amending these.

6. Draft the necessary amendments to the legal documents. This will include the rationale, replacement measure, date and period of effect. A transition period for the replacement measure may be specified.

7. Secure the necessary amendments within the targeted timeframe.

A suggested initial draft work program for NTB elimination is tabulated below. Since NTBs are imposed by law or executive decree, amendments to these and the issuance of accompanying implementing rules will indicate completion of the process of NTB elimination, in this case including phase-out or transition plans. Responsibilities for each task will fall on members with the assistance of technical experts. The REC Secretariats will be actively involved in monitoring progress and providing technical support in each area.

#### **Draft Work Program for NTB Elimination**

<b>MAIN AND SUB-TASKS</b>		<b>OUTPUT</b>	<b>TIMELINE</b>
1.	Reexamine each of the verified NTBs	Validated inventory of NTBs specifying purpose, products affected, legal basis, implementing procedures, and classification based on criteria suggested	
a.	Review submitted lists and complete the information on intent and legal basis		
b.	Provide the official implementing procedures of that NTB		
c.	Describe actual manner of implementation		
d.	Classify NTB correctly		
2.	Establish a system of gathering information on NTBs including private sector participation in verification and monitoring	Network of information sources	
3.	Select NTBs that are unnecessary and can be removed without being replaced with alternative measures. Automatic licensing is an example	List of NTBs that can be removed without being replaced	

MAIN AND SUB-TASKS		OUTPUT	TIMELINE
4.	Prepare to eliminate the first set of NTBs identified as potentially highly non-transparent and discriminatory. Specify the requirements of the alternative measures that will replace them	List of highly non-transparent and discriminatory NTBs and alternative measures i.e. estimated tariffs with phase down schedule, kinds of fiscal incentives, risk management system	
a.	In the case of tariffs which are to replace non-automatic licensing, quotas or administrative levies estimate the rates for each product affected. This must be done within the context of the SADC FTA scheme. Specify phase down schedule.		
b.	In the case of risk management and post-entry audit at customs, develop a system and build customs capacity to implement it		
5.	Undertake similar preparations for the second set, i.e. tariff quota duties, prohibitions on non-sensitive goods, and single channel for imports. The last will require a thorough study if it involves changing the sole mandate of a government agency.	Estimated tariff schedule, study of import agency and its reorganization	
6.	Study the main official documents (laws, regulations, decisions) which serve as the legal basis for each NTB	Detailed list of legal documents/provisions to be amended, procedures for amending them	
a.	Compile all official documents		
b.	Examine provisions and how to amend them.		
c.	Ascertain the procedural and time requirements for amending these.		
7.	Draft the necessary amendments to the legal documents. This will include the rationale, replacement measure, date and period of effect. A transition period for the replacement measure may be specified. Submit to relevant	Draft amendments including phase out plan and process	

<b>MAIN AND SUB-TASKS</b>		<b>OUTPUT</b>	<b>TIMELINE</b>
	authority for comments and suggestions		
8.	Secure the necessary amendments through passage of the law or signing of executive order. This will depend on the legislative or administrative process in each country and the importance of the NTB. Implementing rules and regulations must also be issued.	Revised law or new executive order, with implementing rules	

## **ANNEX 1: SYNTHESIS OF COUNTRY REPORTS**

### **ANGOLA**

The Government of Angola has recently<sup>5</sup> created a Committee that deals specifically with the SADC STP issues, giving emphasis to all decisions emanating from the various meetings/workshops organized by the SADC Secretariat. This body is also preparing the Angolan offer to SADC in terms of the STP. The Committee believes that by the end of June 2007 it will have a package which includes the removal of some NTBs. Angola is also a member of COMESA, although no tariff preferences to this region have been granted to date.

Excluding oil and diamonds, the Angolan industrial economy is very limited which means that there are few reasons for restricting imports. The country imports almost everything and exports revolve around oil and diamonds, and occasionally coffee and fish products, thus trade with the region is still in its infancy.

Because of the above circumstances, Angola did not develop defensive measures for its economy and therefore no legal or serious systemic and consistent NTBs were imposed. The majority of barriers are therefore structural inefficiencies and difficulties in doing business which is attributed to the recently ended 40 year war.

During the interviews with officials though, it was stressed that Angola wants to rebuild its once strong sugar, coffee and textile industries. There is nothing yet in place but officials are considering imposing some tariff and non-tariff barriers temporarily to allow the industry to grow and reach sustainable and competitive status.

The perception is that Angola will move ahead with regional integration, but is constrained by various fears, in particular that this will negatively affect infant industry development. For this reason, it is believed that Angola will only begin significant regional liberalization of trade from about 2015.

The recommendations of this study are in summary the following: (i) the Government must continue its efforts to be prepared to implement the SADC and COMESA FTAs, and other elements of the relevant protocols; (ii) awareness and preparation of the stakeholders namely business must continue, (iii) some actions have to take place to remove those few but cumbersome hurdles identified and, finally, (iv) a calendar of events towards implementation of the protocols and removal of NTBs will have to be agreed by all stakeholders, i.e., Government, business community and regional structures to cope with changes to the economy.

#### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

With regard to a national focal point, interviewees consider that the private sector Focal Point for reporting on NTB problems that may occur should sit either in the Chamber of Commerce, the Association of Industries of Angola, or the Chamber of Clearing Agents. The tendency is that it should be the responsibility of the Chamber of Commerce and Industry

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<sup>5</sup> Grupo Técnico Multisectorial de Implementação do Protocolo Comercial da SADC, created in 2006

since they are the ones that are following closely the STP and participate most actively in SADC forums, including the NTB workshop in Pretoria in November 2006. However, discussion amongst these bodies and Government needs to take place to determine the appropriate structure. This body will have to work closely with the Government's Grupo Multisectorial de Implementação do Protocolo Comercial da SADC.

## **BOTSWANA**

The outstanding factor concerning imports and exports is the incredible reliance Botswana has on South Africa. This is especially true for Botswana imports. The other SADC States, even collectively, are inconsequential. What with the proliferation of South African chain stores and franchise operations, Botswana is often called the tenth province of South Africa.

Some of the statistics illustrate trends. With the relocation of the Volvo Truck CBD assembly plant to South Africa, the value of exports by Botswana of vehicles dropped dramatically in 2006. The peaks and drops in the value of machinery and the like exported by South Africa reflects the start or finish of major mine infrastructure projects over the last decade. The drop in 2006 of the value of vehicles imported from South Africa probably reflects the impact of imports of second hand vehicles from Asia. Such vehicles are locally called “Fong Kongs”.

Botswana has not emplaced any explicit NTBs since 2004. However, some of what are essentially NTMs have become virtual NTBs when there are not enough experienced staff to administer them. The AYSCUDA system is now working well and returns for all computerised border points that handle 99+% of commercial exports are only a few days in arrears. The computerised forward export clearing documentation process is also working smoothly.

Various SARS initiated, often unilaterally, transit procedures have a definite irritating impact. The obsession with catching the few in number of intentional cheaters has an impact on the 98+% of legitimate operators/manufacturers. GABCON, as a ‘dry port’, is reportedly not utilised as much as it could be by exporters since the containers go by rail, which is both slow and expensive compared to road transport. The trade off is the more cumbersome and complex transit arrangements that have to be done for road transit.

The Drugs and Related Substances Act, 1993 established a Board to oversee and review the registration of all drugs utilised in non government facilities and practices. The procedures under the Act for registration are complex and require a very large dossier to be assembled for each drug submitted for registration. Due to this workload, up until about 2004 many drugs utilised in Botswana were granted a waiver while the registration process was taking place. This waiver process was halted around 2004. The backlog has not been cleared resulting in a situation whereby over half the drugs readily available in South Africa are no longer available in Botswana. What was intended to be a straightforward and legitimate Non Tariff Measure (NTM) justified on the grounds of safe guarding public health has now turned into a high impact NTB.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The recommendations of the FIAS Report late 2003, which have not been implemented but are still relevant and still require implementation. All sectors still need to establish the focal point for reporting NTBs in the private sector and the existence of the focal point requires extensive advertising to make it effective.

Botswana needs to complete the harmonization process for road transport with its SADC neighbours. Government needs to review all requirements for import permits to ascertain if they are still required or serve a defensible purpose. Government also needs to review all regulatory legislation to determine if what have emerged as unintended consequences of such

legislation are defensible. The registration process for the importation and sale of drugs and related substances is a glaring example of such regulatory practice.

It is unlikely that Botswana will have eliminated all NTBs by the end of 2008 as the timetable adopted by SADC mandates, but in broad terms, it is much further down the road than the other Member States. The reservation for citizens clauses in the new Industrial Development Act, 2006 are not all that encouraging as an indication of Government commitment to open trade, but the implementing regulations have not been published in the *Government Gazette* as yet, so it is not known how many industries in how many parts of Botswana will be reserved.

## **BURUNDI**

Burundi has a modest level of trade within the COMESA area. Its regional exports are low in value and concentrated in few products. Its major imports are goods for which Burundi has no competing products and are also goods which could be argued as being important for the rebuilding of the country after the civil war. Therefore, NTBs are small in number and, more often than not, do not come from direct Government level policies.

If we look closely at Burundi's exports, it is clear that there are very few products exported from Burundi to other COMESA countries. In fact, barring products that are probably in transit and not including trade to Rwanda, Burundi's total exports to other COMESA countries just tops \$7 million. It is no surprise therefore that few NTBs were reported as affecting Burundian exports. The traditional exports, set up during the colonial period, remain the main exports. These encounter few product specific problems because they do not tend to compete with the domestic production of the destination country and furthermore these exports enjoy strong Government presence.

As a result of these issues, reported NTBs rarely point to a product specific barrier. In fact, product specific barriers are only reported for exports going to Rwanda and also as a result of measures initiated by the Burundian Government or Government involvement in trade. The large part of the barriers encountered are reported as the "length of time" formalities take in Burundi and transit problems encountered going through the Northern Route (Bujumbura to Mombassa via Kigali, Kampala, Eldoret and Nairobi).

Regarding imports, the main imports coming into Burundi do not compete with Burundian products. Therefore they rarely encounter NTB. The incentive to bolster the Government's financial position definitely plays a role in terms of the transaction tax which is probably the main NTB affecting the imports. The main administrative problem is the SGS Inspection Monopoly which was mentioned by most traders as a severe cost both in terms of delays and in terms of additional storage costs resulting from these delays. Further problems result from the lack of transparency in other administrative areas such as obtaining special permission to unload ones product in ones factory rather than at the port and the ability of a truck to get through formalities before business closing hours being left too much to discretion of those administrating the formalities. A particularly grave and consistently reported NTB concerns the transit procedure through the Northern Corridor.

Some of the measures intended to harmonise Transit Traffic in COMESA have been put in place in Burundi. The COMESA Yellow card, the COMESA Customs Document, the COMESA Carriers Licence and the ASCUDYA ++ (SYDONIA ++ ) are all in place. The bond guarantee scheme is due to be introduced as well. However the axle limits, the transit costs and the ACIS System are not in place and no plans seem to exist to put these in place.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

It is clear that any solution will need the support of the private sector. It is consequently crucial that efforts are made to inform the private sector of the importance of addressing NTBs at an official level.

Some obstacles to NTB elimination emerged when talking to the transporters associations. They acknowledged that finding a solution through the official channels is probably the only

way to a permanent solution (by a decree, change of personnel, etc.). However, they overwhelmingly felt that the best way to deal with NTBs was to do so themselves, directly at the source of the problem. This involved paying a cost (money, time, etc.) that they could afford and that was acceptable to the official in charge at the problem area.

This means that any solution that uses the official channel will have resistance from the official that gains and will not have major support from the transport company that has to deal with the problem. It may even have resistance from the transport company as the company may earn a margin on every truck that is kept on the road an extra day as they will get paid for the extra day by the trader. Without the support of this second group (the transporters), it is hard to see how any solution using the proper channels will really make the headway needed. The obvious solution in all this is to find a way to explain to the trader, who is ultimately bearing the cost of the NTB, how much it is costing them and how much they would save with a long term solution.

### *Initial Steps*

A dialogue needs to be instigated between the private and the public sector in order to eliminate NTBs. It is crucial however to outline the objectives of such a dialogue before its organisation. The first major issue is establishing a focal point for NTBs within the Ministry of Trade and Industry or the Chamber of Commerce and Industry. Once a focal point has been established, the focal point needs to work closely with the private sector to come up with a National Action Plan to deal with the NTB problem. The National Action Plan would need to establish a reporting procedure so that the private sector can, as efficiently as possible, report their problem to the focal point for NTBs. Once a reporting procedure has been established, a procedure for dealing with and documenting problems will have to be agreed upon as part of the National Action Plan. Such a step will have to differentiate between national and regional level problems whereby, for a national level NTB, the necessary legal and institutional framework will have been established so that the NTB can be dealt with effectively. The focal point must then have the authority to address the COMESA Secretariat as regards regional level problems so solving steps can also taken at that level. Besides the reporting issues, more immediate and concrete solutions need to be established for priority NTBs: NTBs that exist already and that result in high costs for the private sector (transit problems, SGS, unloading formalities, etc.).

Only at this point will Burundi be ready to even consider this issue at a COMESA Level. Working immediately at a COMESA Level will not be productive as the only experience traders have with dealing with NTBs at a COMESA Level is with the Transit Transport Co-ordination Authority for the Northern Corridor. Traders are not positive about their experiences of responses from this secretariat. Furthermore, the participation of Burundi at a COMESA Level without a National NTB Focal Point and Action Plan will reduce the likelihood that the relevant person will represent Burundi at a COMESA NTB meeting and that the meetings will produce concrete results for Burundi.

It is also important that COMESA make further progress on the transit harmonisation. This is the single most important problem that can be targeted more effectively at a regional rather than at a national level. The other reported problems require national level reform.

## COMOROS

During the last 20 years the economic situation in Comoros has been quite irregular with a deep recession in 2000. The country has limited natural resources, a small and fragmented market and a very narrow export base which makes it vulnerable to external economical shocks. Almost half of the population live under the poverty threshold and have limited access to education, potable water and electricity.

Trade between the Comoros and the COMESA region tends to be a very small fraction of Comoros total world trade. In 2006, the COMESA region only represented 5.3% of total imports to the Comoros. This figure fell from around 11% of imports in 2002 and 2003. Imports from COMESA countries are dominated by Mauritius, Madagascar, Kenya, and more recently Egypt. Imports from the region tend to fluctuate substantially but tend to range between US\$ 5-7 million. Exports into the COMESA region are even lower, representing less than 1% of Comoros total exports. Although in 2006 Madagascar was the largest export destination, Mauritius has traditionally been the largest export destination for the Comoros within the COMESA region.

In general, very few direct instances of NTBs were reported, and particularly so for exports. Major impediments to imports revolved around customs issues and infrastructure constraints. Within the customs issues, customs formalities such as excessive “check points” continue to burden trade as well as time consuming pre-shipment inspection routines and requirements. With regard to infrastructure issues, port constraints such as storage capacity and congestion as well as general infrastructure and port operations were highlighted as hindering trade. A major recommendation that emerged during the study was that the port area be expanded, and a deep sea port be constructed in Moroni. Aside from controls over the importation of ordinary rice there do not appear to be any other legislated NTBs. Likewise, aside from the importation of various other conventionally restricted or prohibited goods no import or export permits are required.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The Comorian private sector consists of two main institutions consisting of the Chamber of Commerce and the OPACO (Organisation Patronale des Comores – Employers association). The administration of the Chamber of Commerce is designated by the government although most of its members are from the private sector. OPACO on the other hands is considered as being more independent. At the moment, they indicated that are trying to establish a communication channel with the government. Up to now there is no formal channel of communication between the two parties except that meetings are organised on ad hoc basis to discuss specific problems.

The private sector did not seem to be aware of the COMESA NTB reporting mechanism most probably due to the non-existence of any significant NTBs in Comoros. There needs to be more dialogue between Government and the private sector to resolve trade related problems, and establish an appropriate notification, monitoring and elimination mechanism of NTBs within the COMESA context.

## DJIBOUTI

Djibouti is largely a services based economy, and this is recognized in its liberal approach to trade. Since 2000, the trade dimension of the Djiboutian economy has undergone significant liberalization and modernization, with a particularly strong influence from Dubai. As such, the country in many ways is modelling itself along Dubai's liberal policy, and with limited domestic industry, Government has actively dismantled barriers to external trade.

The country is thus heavily reliant on its port as a means for ocean-based trade for other countries in the region, and particularly Ethiopia. Ethiopia accounts for 95% of Djibouti's regional exports, consisting primarily of domestically produced salt, and re-exports. Ethiopia also provides 76% of Djibouti's regional imports, with Egypt and Kenya also being important regional contributors representing around 11% each. The composition of Djiboutian imports is dominated by intermediary and finished products. Djibouti remains a net importer of alimentary products and drinks, as well as petroleum products, quat (hallucinogenic substance), manufactured products, textiles and chemical products. Within the COMESA region, Djibouti has bilateral trade and co-operation agreements with Ethiopia, Eritrea, Kenya, Uganda, and Rwanda, as well as with Iran, Senegal, Tunisia and Yemen outside the grouping. However, with the exception of the bilateral trade agreement with Ethiopia, these agreements do not appear to be very effective.

Given the liberal approach to trade there is no formal tariff on imported products, regardless of origin. Likewise, the Government appears to have been making a concerted effort to reduce or eliminate NTBs and consequently very few NTBs could be identified that have a substantial effect on trade. Those spoken to within the business community were all generally happy with the processes of importing and exporting from Djibouti, but raised concerns when dealing with red tape in other countries. The few instances where potential NTBs exist revolved around the consumption tax, known as TIC, which in general acts as a *de facto* tariff as well as discriminatory Port dues.

Transport infrastructure and mechanisms for trade beyond Djibouti's borders remains a major hindrance to regional trade. In general it appears as though the COMESA harmonized transit procedures are being implemented, although there is limited knowledge amongst the private sector. In addition, there appear to be problematic administrative issues with the COMESA Yellow Card which has limited its uptake. COMESA Certificates of Origin are issued by and accepted by Djibouti.

There was a limited response to the reporting form, however, the major concern seemed to be that more efficient and regular dialogue between the Ethiopian Customs department and the relevant Djiboutian authorities in Customs and at the Port would be more effective than going through COMESA.

In terms of the process going forward, the Chamber of Commerce is very active in Djibouti and is integrated into current COMESA structures. It is recommended that the Chamber decide on the best internal mechanisms to effect notification, monitoring and elimination of NTBs.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The Chamber of Commerce is very active in Djibouti and is integrated into current COMESA structures. It is recommended that the Chamber decide on the best internal mechanisms to effect notification, monitoring and elimination of NTBs. They could liase with the appropriate Government Departments as well as with the NTB Unit at COMESA Secretariat.

## **DEMOCRATIC REPUBLIC OF CONGO (DRC)**

NTBs appear to be highly prevalent in the DRC, which is one of the reasons the business community believe they are not benefiting much from SADC or COMESA membership. They face strong barriers from government administration disorganisation, non controlled military movements, lack of basic infrastructure for businesses such as roads, financial institutions, modern communication equipment, etc.

The main NTBs identified included:

- cumbersome customs procedures and illegal controls at DRC boarders,
- high transport costs for DRC exporters,
- difficulties in finding trucks and heavy transport costs to DRC,
- government officers lacking technical knowledge in matter related to the import process,
- exporters who do not understand the role of standards and other technical specifications to be met by products (especially coffee, wood and minerals),
- lack of information on COMESA/SADC markets,
- the lack of an export strategy at the national level –many government officers know COMESA/SADC not as a working body but just for their lucrative organised seminars in four/five star hotels; these same officers believe that further integration with COMESA/SADC will be a threat to DRC infant Small and Medium Industries given the long period of civil war;
- lack of and poor quality of physical infrastructure, This includes the coverage and quality of the roads, ports and transport equipment. Many businesses, particularly truck drivers and others who have travelled within COMESA/SADC believe that the DRC is probably one of the poorest places when it comes to quality and accessibility of communication infrastructure in Africa.
- However the most important hindrance to trade as believed by both businesses and government officials is the state of disorganisation of the DRC administration and the uncontrolled movement of armed people (military and non military personnel). This uncontrolled movement is not only a barrier to production activities within DRC, but it adds to the trade and transport costs as an illegal tax is levied by armed people on any kind of businesses and products that have to be exported. Again, due to this uncontrolled movement, trade with DRC is limited to cities where there is security. Thus goods destined for or coming from the region can only be sold or collected near cities where there is adequate security.

## EGYPT

The Egypt NTB survey found that the COMESA countries generally form insignificant trading partners for Egypt as a proportion of world exports and imports. The region took only a maximum of 4% of Egypt's total exports during each year of analysis between 2001 and 2006, and supplied less than 2% of Egypt's imports during the same period. The survey has also found out that the major NTBs affecting Egyptian intra-COMESA fall under rules of origin, pre-shipment inspection procedures, transportation bottlenecks, lack of knowledge about the market potential of COMESA countries, bottlenecks in making trade payments through bank transfers, trade wars, and varying customs valuation procedures. These are the major initial agenda issues to be addressed by the proposed National Monitoring Committee on NTBs in Egypt when it gets established. A plan for the NTBs elimination and monitoring process is given as Table 9 of this report.

The major challenges regarding implementation of the NTBs elimination and monitoring plan include establishing the National Monitoring Committee, setting its agenda and building sufficient secretariat capacity at the Ministry of Trade to deal with COMESA related NTB issues. This however should not be a problem for Egypt since the proposed Focal Point Ministry already has good experience in dealing with NTBs under the League of Arab States. Financial constraints are also not expected to be experienced in Egypt, since the Ministry of Trade already has an established African Section, part of whose responsibilities include dealing with COMESA matters. A focus on COMESA NTBs will not therefore be a new subject to the ministry, and a new NTBs office does not require to be established. What may however be required is technical assistance to assist in kick-starting the NTBs elimination and monitoring process and to ensure that the format of the country's NTB progress reports are harmonized with those of other countries.

Additionally, the survey has found that Egypt has made commendable progress in reforms under customs administrative and documentation procedures, and on quality standardisation areas. There are some useful lessons from Egypt on these two NTB source areas that other COMESA countries could learn from, aimed at facilitating elimination of NTBs and hastening the COMESA integration process.

Finally, the survey has found that Egypt has not implemented most of the harmonized COMESA transit programs, and the COMESA Secretariat needs to pursue this matter. This is because as the integration process intensifies, COMESA members may start exports to Egypt using their nationally registered trucks. On the other hand, Egyptian trucks will in future want to transit through the territories of other COMESA members. But this will not be possible until Egypt implements the COMESA transit traffic procedures, thus allowing other countries to enter her borders. The move will also ensure Egyptian trucks can deliver cargo to other COMESA countries without facing administrative obstacles.

### **Action Plan for Egypt on NTB Elimination**

During the consultations with the business and public sector representatives, it was made quite clear that Egypt prefers a structured dialogue to solving trade-related problems. This means that any problems identified should first be discussed at a bilateral level with a view to finding lasting solutions. It is only after bilateral level discussions fail that such issues should be brought to the attention of regional forums like COMESA. This approach has been very useful to resolving trade-related disputes under the League of Arab States, since no cases

have to-date been referred to the court resolution process since 1998 when the League was established, because all disputes have been settled successfully. The stakeholders also recommended that a feedback mechanism should be applied to inform the business community of NTBs that have been resolved in order for them to be up-to-date on import and export regulations applicable within the region. Egypt's proposed action plan on NTBs that were identified during the consultations is given in the full country report.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

It is recommended that the initial agenda for Egypt's National Monitoring Committee on NTBs should focus on initiating and pursuing bilateral dialogue with countries where obstacles related to rules of origin and pre-shipment inspection are being experienced on Egyptian exports. However, the NMC should also start to include in its agenda, discussions aimed at finding solutions on NTBs related to transportation bottlenecks (sea, air, road and rail transport), bank transfers and trade wars.

The COMESA Secretariat needs to initiate dialogue between members aimed at finding lasting solutions to transportation problems being faced by the business community within the region. This is because the current transportation problems (sea, air, road and rail transport) are all of a cross-border nature and therefore required solutions need a regional approach. Sea and air transport might call for business mergers, while road and rail may require joint investment between neighbouring countries. However, the COMESA Secretariat is best placed to initiate discussions on such cross-border approaches to this bottleneck that greatly hamper ability of intra-COMESA trade.

One of the key challenges to ensuring that the aspirations of the Egyptian trade stakeholders are achieved regarding implementation of the NTBs elimination and monitoring process will be to ensure that the current COMESA section of Egypt's Ministry of Trade and Industry starts building capacity and focus on COMESA NTB. To assist in building this capacity and focus, there may be a need for some level of technical assistance, although in the long run, Egypt does not require continued technical assistance NTBs related work. The COMESA Secretariat may therefore wish to factor in some level of initial kick-start technical assistance so as to facilitate the commencement of NTBs elimination and monitoring process for Egypt.

The COMESA Secretariat needs to initiate discussions on useful lessons that other COMESA countries can learn from Egypt, particularly with regard to customs and standardisation reforms. Adoption of such reforms will prove to be beneficial to the NTBs elimination process and ultimately to a faster integration process.

## **ERITREA**

The survey found that currently, Eritrea does not trade significantly within COMESA. Analysis of the trade data between 2003 and 2006 shows that both exports and imports to and from the region are quite insignificant, with imports from the region constituting a mere 9% to the country's total imports while exports constituted a mere 7% of the country's total exports during the period. On the other hand, imports from the region were unstable, while exports actually declined by a notable 58% during the period 2003 and 2006.

The survey has also identified the key NTBs that affect Eritrean trade within COMESA, and has additionally given an overall picture regarding impediments to Eritrea's trade within the region. Discussions with the trade stakeholders also show that the major NTBs are closely related to the Eritrea/Ethiopia border conflict, which in 2003 and 2005 necessitated the Government to introduce interventionist measures aimed at regulating economic activities so as to minimize the adverse impacts of the war, including the set-up of a trading corporation and introduction of foreign exchange controls that have ended up directly affecting business operations. A summary of the NTBs include manual customs declaration and clearance which result to time loss, cumbersome import permit regulations, foreign exchange shortages, measures to regulate domestic prices, lack of knowledge on the potential of the COMESA market, and high transportation costs due to lack of direct sea and air freight.

The major challenges regarding implementation of the NTBs monitoring mechanism in Eritrea will include the need to support technical assistance of a proposed National Monitoring Committee, whose responsibilities will be to facilitate reporting, elimination and monitoring of NTBs that affect trade within the region. Establishment of a working NM will enable a structured approach to dealing with NTBs which should involve all trade stakeholders.

Regarding implementation of COMESA transit traffic programs, Eritrea has implemented most of programs aimed at facilitating cross-border trade. These include the Harmonized road transit charges system; COMESA Carrier's License; Harmonized Axle Loading and Maximum Vehicle Weight; and COMESA Yellow Card.

The survey has recommended an action plan for facilitating eliminating and monitoring of NTBs that were identified during the process of consultations. This template needs to be validated by the proposed National Monitoring Committee when it becomes operational, while the list of NTBs could also be expanded with additional trade obstacles as the NMC gains experience on how to deal with NTB issues.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

While the Eritrea/Ethiopia border conflict is more of a political issue that may fall outside the mandate of COMESA, it has had a major negative impact on the ability of Eritrea to take advantage of the preferential trading opportunities available under the country's membership to COMESA. The trading bloc therefore needs to initiate any necessary actions that might facilitate resolution of the conflict.

The Eritrean business community has not been able to take advantage of export and import opportunities available under COMESA's preferential trading arrangements. While the Eritrea/Ethiopia border conflict has a large part to play in this scenario, it is also true that

Eritrean business people lack the knowledge about the COMESA market. It is therefore necessary to establish a mechanism that would facilitate the full integration of Eritrean business community into COMESA trade, including 1- Familiarizing them with some of the established COMESA trading houses; 2- Strengthening the Chamber of Commerce, other business associations like the Association of Leather and allied Products, and the Ministry of Trade and Industry so that they can provide the business community with timely and relevant information about COMESA; 3- Facilitating access to financial credit facilities through the PTA bank and other development oriented financial institutions; and 4- Strengthening the Eritrean Standards Institute (ESI) to assist in necessary standard tests on exports and imports.

The COMESA Secretariat needs to explore possibilities of coordinating sourcing of required technical assistance to facilitate the kick-start of the NMC. The technical assistance arm would prepare the agenda for NMC, call for meetings and assist the NMC in monitoring activities.

## **ETHIOPIA**

This survey collects and analyses data that identify non-tariff barriers in Ethiopia's export and import trade with COMESA member states. The survey draws analysis based on the information gathered from governmental offices and the private sector.

Customs administration and administrative entry barriers appear to be the major NTB affecting Ethiopia's trade with COMESA member states. The NTBs reported within this area with the greatest frequency include import licensing, customs valuation and formalities, and to a lesser extent, classifications. There are also complaints pertaining to pre-shipment inspection as well as consular formalities and documentation.

In terms of customs systems, the identified problems range from customs valuation to bureaucratic, and non-transparent manual systems that lead to considerable delays in the clearing of goods. However, there have been a number of significant improvements made in facilitating trade, including the adoption of automated systems such as ASYCUDA++; the harmonization of documentation; the use of the COMESA Certificate of Origin and increased application of IT solutions. However, simplified, transparent procedures and awareness of the rules and procedures of the system have not been fully implemented.

NTMs representing a constraint for Ethiopian exports are mostly found in agriculture and livestock related products. These include technical requirements and tests to protect human health (coffee for example) and technical requirements to protect animal health (meat of sheep or goat) or non-automatic licenses and labelling requirements. On the other hand, neither quantitative restrictions on imports nor import licensing requirements present a notable trade barrier. These can still be further improved along with some other remaining regulatory impediments that work as a hindrance to import and export activities. Other potential hindrances to trade that were reported by importers included influx of contraband goods, unfair competition from "endowment", or parastatal organizations, high transport costs and customs clearance difficulties.

Technically, the quality of infrastructure (including the cost and efficiency of public utilities) is not a NTB, but in the context of landlocked country like Ethiopia it is identified as most important barrier to trade. The time and cost of transport is a massive burden to exporters and importers alike. Variable tolls, variable axle-loading regulations, different insurance and bond guarantee systems etc all result in difficulties of moving goods within the region. The progressive steps in the implementation of COMESA customs transit procedures can be raised as a positive step in mitigating problems in the area of trade facilitation.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

To do away with anti-competitive practices, a national co-ordination commission should be set up headed by the Prime Minister's Office to monitor and control the implementation of the proclamation.

Government Procurement procedures should be under the purview of the National Co-ordination Committee set up to monitor anti-competitive practices. Besides, an independent organ under the chairman of MOFED should be set-up to inspect, audit and handle complains with regard to procurement process in the country and present reports to the national

committee. Political will to enforce this system is key, together with the establishment of complementary institutions, such as courts and information processing systems to assist the independent organ.

Further steps should be taken to streamline and facilitate the custom procedure. In this regard, Ethiopian custom authority should design a single customs document covering the transit of goods to other countries smoothly.

With respect to custom clearance and pre-shipment inspection, since the first inspection of documents takes place while goods are held in transit in Djibouti this has serious cost implications. This procedure should be abandoned.

The current procedure of licensing can be streamlined by collapsing the two-step process (registration certificate then apply for business license) into one step. Control for income tax purposes can be achieved simply by providing a tax identification number for each registered business, including import/export businesses.

In the transport sector regulations that increase transaction costs for exporters and importers should be eliminated. The Ministry of Trade and Industry should set up a committee, including private sector operators, to monitor the prices, service quality and performance of ESL on a regular basis. In addition, the government should set up mechanisms to increase competition in shipping and forwarding markets.

Finally, the Ministry of Infrastructure should draft an all inclusive procedural manual that enables to design frameworks for continuous, consistent and coherent implementation of COMESA Harmonized Transit Procedures and major emphasis should be given to the planning, organization and execution of awareness creation program for beneficiaries in the area.

## **KENYA**

Analysis of Kenya's trade with EAC and COMESA countries over the period 2001 to 2005 shows that the country has to a large extent exploited the export opportunities arising out of her membership to both EAC and COMESA regional trading blocs. In this respect, Kenya's exports grew from USD 1.54 Billion in 2001 to 2.68 Billion in 2005, and the region's share of her export markets represented an average of 57% of total exports over the period 2001 to 2005 which is quite significant. The region however has not become a significant source of Kenya's import requirements despite the duty free trade arrangements allowed under the EAC Customs Union and COMESA Free Trade Area.

During the 2005/06 EAC NTBs consultations, it was found that a number of NTBs affect the ability of Kenyan businesses to export and import, which have been reaffirmed in the consultations leading to this report. The major export related NTBs fall under Government Participation in Trade and Restrictive Practices Tolerated by Governments; Customs and Administrative Entry Procedures; Sanitary and Phytosanitary Measures; Technical Barriers to Trade and other distribution related obstacles that hinder access to EA/COMESA markets. Regarding import trade, the major NTBs fall under Customs documentation and administrative procedures, Transiting procedures, and Technical barriers to trade.

The procedures for reporting existence, monitoring and elimination of the above NTBs involve the Governments, agencies responsible for enforcing trade related regulations, and the business community. Consultations show that both the Government and private sector prefer a structured approach to dealing these trade obstacles, which should also involve the EAC and COMESA Secretariats since most of them are beyond the border type of NTBs. During consultations in Kenya, both the Government and private sector have reaffirmed their preference for the Ministry of Trade and Industry (MOTI) to be the coordinating ministry for NTBs issues as agreed during the 2005/06 EAC NTBS survey. This Ministry however should be supported by the Ministry for EAC and Regional Cooperation regarding EA NTBs.

The major challenges regarding implementation of the NTBs monitoring mechanism in Kenya revolve around building capacity of the NTBs secretariat at the coordinating ministry to support the role of National Monitoring Committee, Setting benchmarks for the Committee including clear terms of reference; Categorization of 'core' and 'non-core' NTBs in order to design a prioritised elimination mechanism; and Integrating application of the NTBs reporting, monitoring and elimination mechanism within the secretariats of associations whose members trade in goods and services.

The major trade facilitation issues in Kenya relate to improving the efficiency of the Railway transport system so that it can provide competitive transport for exports and imports; Improving the condition of Roads which currently contribute significantly to cost of transport; Improving the clearance of goods at entry and exit points by various agencies, and Improving the efficiency of handling cargo at the Port of Mombassa.

Regarding new NTBs since the 2005/06 EAC NTBs survey, they almost remain the same. However, the survey has identified additional NTBs for exports and imports within the COMESA region. These NTBs need to be addressed in a structured manner, and trade stakeholders have therefore confirmed the validity of the proposed EAC reporting, monitoring and elimination mechanism. A key issue of concern to the business community is that the mechanism needs to be applied without further delay, and that any reported NTB

cases should be resolved within one month, failure to which they should be referred to the respective Trade Remedies Committee (either COMESA or EAC) as agreed during the design of the EAC monitoring and elimination mechanism.

The current consultations have also reaffirmed the template that was proposed during the EAC 2005/06 NTBs survey for reporting, monitoring and facilitating NTBs elimination process. The detailed action plan that was proposed during the EAC NTBs survey has been validated during the current consultations and forms part of this report.

Regarding harmonization of procedures for transit traffic between countries in the region, Kenya has implemented all the COMESA schemes aimed at facilitating cross-border trade, which are also being used within the EAC region. These include the Harmonized road transit charges system; COMESA Carrier's License; Harmonized Axle Loading and Maximum Vehicle Weight; COMESA Yellow Card; and elements of the Advance Cargo Information System. Kenya also affirms its commitment to implement the proposed COMESA Bond Guarantee scheme and the COMESA Customs Declaration Document (CD-COM)

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Like her sister EAC partners, the analysis of NTBs that affect Kenya's trade within EAC/COMESA countries shows that the major recommended actions revolve around four main areas:

- Need for Partner States within EAC and COMESA to consolidate and demonstrate their political and technical goodwill to implement aspirations of the EAC and COMESA Treaties, so that decisions passed at Council levels are respected and domesticated through timely amendments of national laws, regulations and practices;
- Need for Partner States need to ensure that the legal and regulatory framework governing the integration process is properly enshrined in their national laws, clearly understood and complied with by all agencies responsible for enforcement of trade regulatory and administrative requirements.
- Need to build capacity at the coordinating ministry and business associations so as to enable the NTBs Monitoring Committee to play its role of facilitate reporting, monitoring and elimination of NTBs. An effective secretariat capacity will also help to kick-start application of NTBs monitoring and elimination mechanism without further delay.
- Need to harmonise transit traffic procedures between EAC and COMESA. Kenya should also be in the forefront of implementing the proposed COMESA Bond Guarantee scheme Advance Cargo Information System and lobbying other members to implement the planned transit traffic programs, especially because it has a lot to gain if transit procedures were harmonized within the region. This is indicated by the fact that COMESA is the country's principal export market, which needs to be safeguarded by ensuring that transportation within the region is made more efficient and cost effective through harmonized transit procedures.

## **LESOTHO**

Due to its geographical position and industrial base, the majority of Lesotho's intra-SADC trade is with the Republic of South Africa. It is therefore difficult to differentiate goods as really originating from South Africa as opposed to being routed through South Africa in determining trade direction.

The private sector in Lesotho is still to be capacitated through an enabling environment and relevant incentives to fully participate in trade related activities to build up the economy of Lesotho. Through the SMART Partnership Initiatives, a number of forums have been set up to jointly discuss with all stakeholders, an analysis of the best practices to be adopted in boosting the trade related activities in the country and attracting FDI.

Lesotho does not have export capacity for capital equipment, incentives and a natural resources manufacturing base to fully participate in intra-SADC trade. Because of the low and inadequate production and infrastructure base, exports from Lesotho are still concentrated in the manufacturing sector with a significant increase in mining (diamonds).

In recognition that an efficient regulatory and administrative environment is an essential component for developing a competitive business sector, the Ministry of Trade, Industry, Marketing and Cooperatives (MTICM), has commissioned a number of studies to address the matter. These studies have identified regulatory and administrative bottlenecks as critical barriers to setting up business in Lesotho.

A review of the main administrative procedures together with the documentation to be filled has been undertaken to identify their relevance, duplication and ways to shorten their processing by the relevant ministerial departments.

Data collection and analysis will also be addressed and will include computerisation and customising of all information in a harmonised system.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

There does not appear to have been any domestic discussion with regard to the proposed national structure for a National Focal Point for Notifications, Monitoring and Elimination of NTBs. However, it is recommended that discussion on this matter takes place in conjunction with the following initiatives and organisations, the forum for retail firms and domestic authorities, the TIFC, and the Lesotho Chamber of Commerce and Industry. In terms of an action plan for dismantling NTBs, this should also be coordinated with the existing processes of the TIFC.

## **MADAGASCAR**

Madagascar officially joined COMESA in 1995, and SADC in 2005. Entry into these blocs really started its commercial relationship with southern and eastern African countries, and notably Djibouti, Comoros, Kenya, Egypt, Mauritius, Zimbabwe and Seychelles. Although there has been positive progress in complying with article 49 of the COMESA treaty aiming at progressively eliminating non tariff barriers and avoiding creating new ones, with the reduction and removal of exports licences, quotas constraints, foreign currencies deposits and visas constraints there are still a number of areas where NTBs remain a problem.

Current trade exchanges between Madagascar and the region are characterized by a strongly unbalanced flow. Madagascar's import from the COMESA region for example is currently estimated to be around four times its export. Madagascar imports manufactured goods such as processed foods, chemicals and textiles.

Almost all operators complained about delays due to long administrative procedures and numerous required documents within customs areas. It has also been reported that sometimes, even customs agents themselves often have long discussions on classification of products. In addition, businesses are currently anxious about what is about to happen after the end of SGS intervention in Malagasy Customs.

It appears that eliminating NTBs within the region will need real political willingness in order to be able to go forward. It is also critical that monthly customs roundtables keep channelling private sector suggestions and inquiries. It may be necessary to enhance training of agents and promote improved communication methods. Creating a one stop shop delivering all (or at least most) required documents will also be very helpful.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

It appears as though there is a greater need for formal business communication within SADC and COMESA. In relation to this it is recommended that the Customs roundtable forum in conjunction with the various organised business initiatives be used to establish the appropriate NTB reporting structure to COMESA.

In addition, there are some specific recommendations that can be gleaned from this report, namely:

It appears as though additional training for customs agents is needed, as a number of businesses and agencies reported that many NTBs are due to lack of awareness of regulations and procedures on the part of customs agents.

Mutual Regulation Agreements (MRA) should be fully applied, in particular a non-radioactivity certificate delivered by an exporting country should be accepted domestically.

A one stop shop for the import/export process was recommended by many of the interviewed businesses.

## MALAWI

Malawi is a highly indebted, poor economy that is further disadvantaged by its landlocked position in Central Africa. Agriculture is the most dominant sector in the economy, contributing close to 33 percent of GDP and almost 80 percent of export earnings.

The Malawi Government has had little success in stimulating manufacturing production, which continues to decline. The tariff structure is escalating, favouring primary inputs and becoming higher on consumer goods and some foodstuffs where MFN rates can reach up to 25%. This is designed to encourage local processing by providing relatively high effective protection. However the regional preferential and free trade agreements (notably the COMESA, SADC and Zimbabwe agreements) to which Malawi is a part, sometimes negate this effective rate of protection as final goods are imported duty free. Such products include clothing, footwear, and tobacco. Widespread tariff concessions on imported inputs provide additional production incentives but as they are not part of the legislated tariff may be withheld without notice.

In terms of services, Malawi is currently taking steps to improve efficiency by liberalising key services and encouraging greater private-sector participation. High production costs, resulting from poor infrastructure and high prices of utilities, high real interest rates and competition from neighbouring countries (e.g. Zambia, Mozambique and Tanzania), have negatively affected investment, including foreign direct investment (FDI), in Malawi. Despite Malawi's efforts to attract FDI, inflows remain relatively small.

In terms of trade, Malawi is heavily dependent on a small number of exports. Of particular significance is that over 85% by value of the items exported are primary agricultural products which have nominal value added in Malawi, if at all. There is a small, but growing trade in manufactures in the form of clothing, which is an initiative that should be encouraged and built upon. Total exports in 2006 followed an increase of 13% experienced between 2004 and 2005.

Malawi's overall approach to trade has generally been positive, with the country embarking on a path of trade liberalisation in the late 1980s as well as commitment to a number of regional trade arrangements. To date, there has been a substantial reduction in average tariffs, tariff peaks, and export and import taxes/barriers. The country's eagerness to pursue regional trade agreements has resulted in membership of a number of overlapping preferential arrangements.

Malawi maintains few non-tariff import restrictions and as from June 1997, all licensing requirements on imports were removed, except those maintained, according to authorities, for health, safety, and national security and environmental reasons. The import licensing system is regulated by the Control of Goods (Import and Export) Act. Only a few products still require an import license, and well over 95% of all the goods imported into Malawi are now import license free.

Many formal Non-Tariff Barriers had been removed through revised Government policy on trade and the majority of measures forming an obstacle to trade which continue to be a concern are:-

- Customs related issues and procedures;
- Transport costs and regulations;
- Infrastructure problems.
- Lack of capacity and training within key institution.

The exporter community face increased costs owing to inefficient implementation of administrative procedures, delays in receiving approvals (receiving trading licences, investment approvals from the reserve bank, delays in the issuance of rules of origin certificates).

The transport infrastructure within Malawi creates a barrier to ensuring comprehensive product availability.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Continued efforts to automate administrative systems remains a real challenge in Malawi however it is imperative that this focus remains a priority. In order to improve trade efficiency, customs and border officials need to understand the importance of co-operation and civility in their duties and to this end a management focus on job satisfaction needs to be emphasised. Furthermore, delegation of responsibility needs to be extended to a broader base within such institutions as Customs.

The Government of Malawi should revisit its revenue collection legislation and policies to deliver a legislation that is clearly defined with precise definitions so that the Private sector know what the tax and revenue implications of running business in Malawi is. All discretionary powers and discretionary interpretation of the legislation must be removed. Business needs clearly define parameters within which to make decisions.

The establishment of institutions such as MIPA, MEPC and MBS is a step in the right direction and further priority needs to be given to enhancing these institutions capacity and effectiveness through increased funding and training.

The proposed NTB reporting form has been prepared by COMESA (and has been adopted by SADC). In addition, Malawi has recently agreed on its trade policy management process and this should now allow it to better focus on practical issues like this proposed template for NTBs.

The focal point for NTB monitoring should be the National Working Group on Trade Policy (NWGTP) which at a recent meeting has placed this issue on the agenda and it has been adopted as an action point now. The process will now have some form of management and be better monitored and hopefully will make an impact.

### Malawi opportunities to lessen NTBs

Opportunity	Comment/Recommendation
Improve rail links to Nacala and Beira	Will lower transport costs, increase competitiveness and lower opportunities for corrupt or inefficient services at border posts
Improve operations at the Malawi Bureau of Standards	Enable Malawi to fully respond to TBT and SPS issues
SADC/SACU quotas on clothing and textiles to be reviewed	The "MMTZ" agreement has not significantly improved the ability of Malawian clothing and textiles exporters to penetrate the SACU market, nor allowed market growth
Increase automation and training of Customs administrative structures	This will lessen the bureaucracy and lower the time taken to process documentation
Harmonise road tolls and border procedures	Discretionary and variable tolls and procedures in SADC cause delays and opportunities for corrupt practices

## MAURITIUS

Mauritius has been experiencing an annual average economic growth of 5.5% over the last two decades. However, since 2000 it has been on a slow down path. It reached its lowest rate in 2005 with 2.5% but picked up last year with a growth of 4.7%. The growth engines, which were sugar and textiles, are now facing new challenges. The loss of preferences in these two main sectors explains the lower economic performance. The business climate in the country has been a pessimistic at the beginning of 2006. Other indicators such as unemployment rate and public finances with a budget deficit representing 5.5% of the GDP did not show encouraging signs. However, few months after the budget with new measures from the government, the private sector seems to be more confident.

The level of trade with COMESA countries is still quite low compared to total trade. In fact, the percentage of COMESA trade vis-à-vis total trade has been decreasing from 6% in 2003 to 4% in 2006. In absolute terms, the level imports from COMESA has dropped from 2003 to 2005 followed by a sudden increase in 2006 due to increased imports mainly from Seychelles and Egypt. Imports from COMESA represent only 3% of total imports whereas exports accounted for 6% of total Mauritian exports. The main markets are by far Madagascar followed by Seychelles, Kenya and Comoros.

The trade liberalisation process which started since the 1980s has abolished most of the licenses for import and export of goods. Almost all legislated non-tariff barriers in Mauritius have mostly been removed and generally no quotas are imposed on exports or imports. Since 2004 there have not been major changes in this area. The few products which require special permits or certificates are classified under the Consumer Protection Act. The main reasons for these permits are for environmental, phytosanitary, and national security reasons.

Mauritian operators seems to encounter no major NTBs regarding trade with SADC and COMESA regions. The only problems mentioned concerned the signatures on the certificates of origin.

In fact most of the measures that have been and are being implemented regarding import and export restrictions tend to be those applicable at international levels. As mentioned before, Mauritius is considering the possibility of adopting safety norms regarding electrical products.

The monopolistic situation of importation of certain products mentioned above is always a concern for the private operators but the government is taking a cautious approach to the liberalisation of these items. Some of them are not likely to be liberalised soon but products such as wheat flour is being considered. For products such as potatoes and other vegetables, import permits are provided in whenever there is a shortage.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The only complaint received during this survey concerns the signatures of the certificates of origin which was also mentioned during the last survey.

*Certificates of Origin:* On the one hand, exporters should be informed of the importance of the specimen signatures when applying for SADC certificates of origin. The publication of practical hand outs on the rules of origin indicating the official signatures and the officers

name is essential. This information should also be made available on the SADC web site and also to all Chambers of Commerce. On the other hand, the customs department issuing the certificate of origin should have specific procedures regarding the approval of the relevant certificates so that only authorised signatures are on the certificates.

***Communication of facilities under SADC and COMESA:*** Actions should be initiated at the country level especially at the government and also private sector association with the support of the secretariat for awareness campaigns.

## MOZAMBIQUE

A few changes from the previous report have been highlighted in Mozambique, including the creation of the one stop shop (Balcao Unico – BU). Another positive aspect, also raised in the interviews, contributing to reduced constraints was the visa abolition between a number of Southern African countries with the exception of Zimbabwe, Angola, Malawi and Lesotho. However, visas can now be issued at all borders. The scanner recently installed at Maputo Port should theoretically have made trade more efficient; however it appears to have increased costs and from a trader's perspective, just introduced one more procedure in the importation process.

Within the road sector, efforts are still being made to harmonize documentation to be used within the SADC/COMESA countries. With regard to roads levies, it seems to be difficult to reach an agreement between the countries to determine a uniform rate due to differences in roads costs of maintenance and rehabilitation which vary from country to country.

Particular attention should be paid to reducing clearance times of ground shipments from South Africa. Benchmarks for clearance times must be set and their progress monitored toward meeting the targets. Procedures to deal quickly with unexpected problems (such as delivery to the wrong port of entry) must be established to add flexibility to the trade system.

Foreign exchange restrictions are still prevalent, and delays in making VAT refunds and other payments to qualified firms put a substantial strain on companies' cash flows. They also serve as a signal to potential investors that Mozambique is not completely serious about providing promised incentives. Companies have suggested that the time it takes to make VAT reimbursements should be lowered to 30 days, and the government should pay market rates of interest on late reimbursements. In addition, it was suggested that in order to further improve the competitiveness of export-oriented producers, a system should be implemented to give companies access to imported raw materials and intermediate goods at world prices, rather than having to pay VAT and heavy duties and then await refunds.

Strict disciplines should be imposed on any contingent protection measures introduced for antidumping and safeguard purposes defined by the WTO. As international experience has shown, there is a very real danger that, even with WTO disciplines, such measures will be captured and used for arbitrary protection.

Only substantive and integrated policies, following this path, would really enable trade promotion and the creation of a virtuous cycle of growth.

### Recommended Actions on Notifications, Monitoring and Elimination of NTBs

Actions:	Institution	Impact	Tentative Timetable
Reconciliation of bilateral/plurilateral parallel trade agreements amongst concerned countries.	<i>Regional Organizations/ Government</i>	<i>Avoid conflicts between different rules and treatments.</i>	<i>Before 2008</i>
Strengthening of industrial	<i>Government</i>	<i>Ensure access to markets</i>	<i>Before 2008</i>

policies promoting quality.		<i>and competitiveness.</i>	
Speed up process for reimbursement of duties and taxes.	<i>Government</i>	<i>Reduce financial costs and free capital for productive objectives.</i>	<i>Immediate</i>
Conclusion of liberalization of exchange control.	<i>Government</i>	<i>Facilitate exports and reduce financial costs.</i>	<i>Immediate</i>
Speed up preshipment inspection mechanisms.	<i>Government / Business</i>	<i>Facilitate imports and reduce services and warehousing costs.</i>	<i>Immediate</i>
Revision/liberalization of mandatory warehousing system, creation of dry ports at main border entries.	<i>Government / Business</i>	<i>Ease clearing of goods and reduce operations and warehousing costs.</i>	<i>Immediate</i>
Improve uniformity and previsibility of customs rules.	<i>Government</i>	<i>Speed up clearing time and reduce clearing, warehousing, and operations costs.</i>	<i>Immediate</i>
Ensure simplicity and agility of customs services, adequate national trade facilitation rules to international standards.	<i>Government</i>	<i>Facilitate trade, speed up clearing time and reduce clearing, warehousing, and operations costs.</i>	<i>Immediate</i>
Improve technical decentralization of customs services.	<i>Government</i>	<i>Speed up clearing time and reduce clearing, warehousing, and operations costs.</i>	<i>Immediate</i>
Simplification and speeding up of customs verifications, use of post clearing audits and scanners for containers.	<i>Government</i>	<i>Speed up clearing time and reduce clearing, warehousing, and operations costs.</i>	<i>In place at Maputo port.</i>
Constant M&E of customs services.	<i>Government</i>	<i>Ensure quality and efficacy of services delivered to trade operators.</i>	<i>Regular (is being done regularly)</i>
Dissemination of procedures and capacitating of business community on trade facilitation.	<i>Business</i>	<i>Ensure awareness of rules/regulations/procedures and promote efficiency on trade operations.</i>	<i>Immediate, Regular</i>
Control safety of merchandise at all levels of trade circuit.	<i>Regional Organizations/ Government / Business</i>	<i>Facilitate trade, reduce losses and insurance costs.</i>	<i>Regular</i>
Control corruption on all levels of trade circuit.	<i>Regional Organizations/ Government / Business</i>	<i>Facilitate trade, reduce costs.</i>	<i>Regular</i>
Dissemination of rules and capacitating of all intermediate institutions and business community on advantages and benefits of SPT.	<i>Government / Business</i>	<i>Promote intra SADC trade.</i>	<i>Immediate, Regular</i>

## NAMIBIA

Namibia's trade in the SADC region is heavily skewed towards South Africa, which accounts for 98.5% of SADC imports into Namibia and 75% of Namibian exports to the region. Other important export markets for Namibia include Angola and the Democratic Republic of Congo. Namibia is an important producer in the region of meat, fish, beverages (of which Namibian premium lager), semi-precious stones and precious metals, and (natural sea) salt. Although vehicles imported from South Africa top the list of regional imports, Namibia's main regional imports largely reflect its industrial landscape with limited own production capacity of inputs for industry and consumables: equipment and machinery for industry, inputs for industry (plastics, paper and fuels), pharmaceuticals, foodstuffs and clothing and apparel. The only import of significance from outside of South Africa is the import of sugar from Zimbabwe accounting for nearly 24% of total SADC-imports under HS17.

The assessment of Non-Tariff Measures, some of which constitute Non-Tariff Barriers due to their inefficient and/or non-transparent administration, should be viewed against the background of SADC's – with the single and very important exception of South Africa – relative insignificance both as a destination of exports and source of imports. Trade with South Africa is governed by the Southern African Customs Union (SACU), a fully-fledged customs union, and of the Common Monetary Area (CMA), both greatly facilitating the cross-border movement of goods between these countries.

This is not so say that the Namibian Government and private sector are not continuously exploring new markets for Namibian products and new sources of foodstuffs, consumables and inputs for industry in the region. The Trans-Kalahari Highway into Botswana and Gauteng, the Trans-Caprivi Highway into Zambia and the DRC and the Trans-Cunene Highway into Angola are instrumental in the drive for diversification of trade partners.

However, the process of regional trade diversification is slow for – *inter alia* – the following factors:

- Similarity in production patterns and competitive advantages across Southern Africa (excluding South Africa);
- Limited variety of Namibian home-grown/produced goods fit for the SADC market;
- Access to premium export markets for Namibian beef, fish and grapes (EU);
- Infant stage of development of the manufacturing sector in Namibia, with limited input requirements;
- High transport costs, also due to cabotage law applied by SADC member states which does not allow an empty truck to carry back a load from a third country<sup>6</sup>

Thus the inherent structural features of the Namibian economy in relation to the wider SADC region would appear to be more of an obstacle to trade than tariff or non-tariff barriers to trade.

A number of NTBs are identified that could affect trade in the region, however, the core NTBs identified for urgent action include:

- A review of general import and export licensing with a view of abolish.

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<sup>6</sup> For example a South African truck dropping off a load in Namibia may not pick up a load in Namibia destined for Botswana, even though this truck is using the Trans Kalahari Highway, linking the three countries.

- Establishment of sunset clauses for specific import quotas and restrictions
- Establishment of Single Focal Point for all import and export related licensing, including SPS, technical and other specialized licensing.
- Strict monitoring of the measures introduced for industry protection and/or import substitution purposes.
- Introduction of Single Administrative Document (SAD) for all SADC trade.
- Facility for automated pre-clearance by traders/freight forwarders in all ASYCUDA and other customs clearance systems utilized by SADC countries.
- Computerization to speed up immigration control at SADC borders.
- Establishment of a SADC Bureau of Standards, with presence in each SADC country (absorbing existing capacity of individual country bureaux).
- Introduction of strong SADC institutional capacity to enforce expediently anti-dumping measures and other measures against unfair trade practices.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Sensitisation on the potential impact of NTBs on trade in general and intra-SADC trade in particular should feature high on the agenda. In many instances, authorities may not even be aware that the regulations they are enforcing and the manner in which they are enforcing them could impose a NTB. A national level screening of all NTBs and related measures should be undertaken with a view to simplify and harmonize.

A number of institutions are already in existence in Namibia that could be actively involved in the process of notification, monitoring and elimination of NTBs. These include the Namibia Trade Forum (NTF), the Namibia Chamber of Commerce, and the soon to be established Namibia Board of Trade (NBT), and the Agricultural Trade Forum (ATF). The ATF has volunteered to be the national focal point for NTB notification for the private sector.

## RWANDA

The non-tariff barriers facing exports from Rwanda range from lack of capacity like testing equipment at Rwanda Bureau of Standards, inadequate infrastructure at the border, government restrictions like a ban on exporting raw hides and skins, restrictions on international transport by neighbouring countries to Rwanda and long and costly banks procedures.

On the other hand identified non-tariffs barriers hampering smooth importation include customs and administrative entry procedures where it takes three days to clear goods in Kigali and two weeks of formalities at Mombassa Port; rules of origin where Rwanda Revenue Authority restricts the entry of goods from some countries, transport issues like high costs, lengthy delays in border crossings and cabotage restrictions.

All these issues have a direct effect on importers and exporters where they incur additional cost to their operations particularly and to the population and country in general. There is a need to alleviate and possibly eliminate them to promote the development of trade. One major initiative could have been the harmonization of transit traffic procedures between countries in the region but yet this is to be effective. Some countries have not yet started using the set up procedures or are still using their national procedures together with the agreed upon COMESA procedures.

Regional initiatives such as the notification, monitoring and elimination of non-tariffs barriers, mutual recognition of COMESA procedures and documentation coupled with local efforts including efficient and effective customs operations and procedures could significantly reduce those barriers and facilitate trade.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

More dialogue needs to take place within the private sector and between the private sector and government on the establishment of a focal point for the notification and monitoring of NTBs within the COMESA context. The Rwanda Private Sector Federation which has a Trade and Regional Integration department could be the appropriate focal point for the notification and monitoring of NTBs.

The following are actions are recommended for the notification, monitoring and elimination of non-tariffs barriers:

1. ***The mandatory use of a single public bonded warehouse should be reviewed.*** The current situation to go through Magerwa raises transport time and cost. The processing time for registration, notification of the importer and customs declaration can take up to one week reflecting lack of handling equipment and warehousing space. Competition in the provision of bonded warehouses would very likely decrease handling times and increase the quality of service.
2. ***Customs needs to apply procedures that are simple, predictable and transparent and companies would benefit from Joint Border Controls.*** Inefficient and costly border procedures incur significant cost on both the businesses that have to use them as well as the authorities that have to administer them. The cost of inefficiency to government includes unsatisfactory revenue collection and smuggling as well as difficulties in

effectively implementing trade policies. Joint Border Posts could significantly reduce the time taken at borders.

3. ***Effective application of computerized systems could significantly reduce clearance times and facilitate trade, allowing for more effective utilization of transport resources.***

Currently, average clearance times for imports are around 3 days. This cost is borne by consumers and users of imported intermediate inputs. Similarly companies are unsure when their consignment will arrive due to uncertainties of delays on route. Computerisation could cause a significant reduction in the average clearance time for exports, but also enable much more effective communication and hence better planning for transporters e.g. through implementation of an electronic cargo tracking system.

4. ***Other recommendations would include:***

- o Mutual recognition of COMESA procedures and documentation
- o Implementation of COMESA programs on quality and standards
- o Implement COMESA programs on standardisation
- o Improve conditions of service, sensitisation, supervision and training of customs personnel
- o Levy reasonable road tolls and where possible harmonise them
- o Decentralise procedures so that all transactions can be done at points of entry/exit
- o Ensure that entries into the ASYCUDA system take into consideration changes to the country of destination and country of origin that are investigated by the customs authorities.

## SEYCHELLES

Seychelles is probably the country with the highest GDP in the COMESA group. In 2005 the GDP per capita stood at US\$ 8,290. The economy is facing a difficult phase with negative growth rate of 2.8% in 2005. The major industry is tuna fishing and canning and on the services side, tourism. Seychelles has to import the majority of its goods as very little is produced locally.

Agriculture represented 2.7% of the GDP in 2005 and industry 28%. The services sector which consists of trade and the tourism industry had the largest share with 69.4% in 2005. The biggest employer is the tourism sector with 30% of the workforce. The major foreign exchange earner is the tuna canning industry.

Seychelles is a net importer with significant trade deficits. Seychelles imports mainly from non-COMESA countries, namely the UAE, Europe, Singapore and South Africa. Likewise export markets are concentrated on the UK, France Italy and Germany for products such as canned tuna, fish and prawns. The level of trade with COMESA countries is very limited and represented only 2.3% of total trade in 2005. The main COMESA suppliers to the Seychelles include Kenya, Mauritius Madagascar and Zimbabwe. The export market to COMESA is mainly limited to Mauritius which represents only 0.2% of Seychelles' total exports.

Import control in Seychelles has only recently been liberalised. Controls on trade were more stringent few years back and the government through the Seychelles Marketing Board (SMB) had been the sole importer of a number of products for years. The allocation of import licenses and permits was heavily regulated through import permits, licenses and quotas.

In 2005, in the process of opening up the economy, the government decided to liberalise trade and create more opportunities for the importation of goods. Importation is now open except prohibited and controlled goods, for which permits are required. However any new trader has to apply to the Seychelles Licensing Authority for either an Import, Wholesale or Retail licence or a combination for specific products. In general, there seems to be no problem in obtaining a license.

Established and regular importers tend to get open permits for longer terms which vary between 3 months and a year. Authorities advise that import permits are required for certain products to ensure norms regarding sanitary, phytosanitary, veterinary, quality standards, health and security norms.

Import quotas have been eliminated except for pork and poultry which are produced locally. Though Seychelles Marketing Board has no longer monopoly on importation of goods, it still is the sole manufacturer of some items.

No licenses are required to export from Seychelles. However depending on the items exported such as fish and wooden craft, the relevant authorities issue sanitary and phytosanitary certificate.

Most of the traders interviewed were satisfied with the liberalisation process regarding importation of goods. According to them the situation vis-à-vis import licensing and permit, is mainly administrative. Although they encounter almost no problem in getting import permits for specific products they consider that it entails more paper work. The main problem

affecting trade in Seychelles is the lack of foreign exchange in the country. This issue has been voiced out by the traders and is a major handicap for traders. Most of the traders are being penalised by the shortage.

The other problem faced by retailers and wholesalers is that of a price control system for imported goods with a 30% mark up, with 15% on retail and 15% on wholesale. This system creates the incentive for traders to practice over invoicing so as to increase their margin.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The Seychelles Chamber of Commerce and Industry (SCCI) is the major private sector organisation which groups the majority of traders in Seychelles. They are well aware of the problems in that sector and tend to closely monitor any issues that affect trade directly or indirectly. At present there is no formal communication channel between the SCCI and the government, and meetings are held on an ad hoc basis to discuss problems related to trade. Thus, there could be an avenue of opportunity to establish a formal communication channel between the SCCI and Government within the ambit of the COMESA NTB process. Any structures agreed upon within this dialogue could then be integrated into the COMESA NTB structures.

Overall, a number of immediate recommendations could be made. These include:

- Setting up proper effective and regular Communication Channels between the private sector and the government to look into the mechanisms to improve trading conditions and deal with NTBs within the COMESA structures.
- Problems related to foreign exchange have to be monitored and discussed on a regular basis so that operators reduce periods of inactivity.
- Setting up a joint committee to review the Import Licensing Act.
- Regarding reducing delays for clearing goods with customs, introduce random checking and impose very high fees to those infringing the law and make it mandatory that all clearing has to go through appointed clearing agents.

## **SOUTH AFRICA**

South Africa is the largest and most dominant economy in SADC, contributing around two-thirds of the region's gross domestic product (GDP). The economy also has significantly more developed secondary and tertiary sectors than other countries in the region. This has led to the current trade relationship between South Africa and SADC, being one of importing raw materials from the region, and then exporting finished consumer and capital goods. The SADC market is critical for the value-added component of South Africa's exports, as their exports to the rest of the world are dominated by commodities.

Despite the rate of growth of imports into South Africa from SADC far exceeding the growth in exports, in 2006 South Africa had a positive trade balance with the region of US\$3.3bn. Between 2002 and 2006, imports from the region, led by a surge in imports of petroleum products from Angola grew threefold. Exports to the region increased by two-thirds of their 2002 value. South African exports into SADC are dominated by capital goods, in particular machinery, fuels, vehicles and iron and steel, as well as a variety of consumer goods. Imports from the SADC region into South Africa are dominated by minerals or agricultural products, although apparel and fabricated iron or steel products are also important.

On the whole, South African businesses find the South African authorities to be proactive in encouraging trade, particularly so at the policy level. The majority of problems to trading in the region are indicated to be with the problems outside of South African borders, such as preferences disappearing one day and import bans instituted the other without much forewarning in other SADC countries.

The South African economy is mostly transparent and imports are generally not hampered by government intervention. The government does not charge arbitrary levies and taxes, and the VAT system is clear and predictable. South Africa also has a respected standards authority in the South African Bureau of Standards (SABS), although it has been suggested that a single standard for all products should be introduced at the regional level. In terms of infrastructure, South Africa is also well ahead of its SADC partners, but has been criticised for the limited nature of air cargo and air passenger links.

NTBs identified affecting exports from South Africa include uncertainty regarding appropriate documentation and time required to clear customs, visa costs and problems, identifying and conforming to standards requirements of importing countries, as well as the need for multiple SPS testing, in both country of origin and destination. Exchange control is still a constraint, although indications are that these are being reduced. Export restraints to control the exportation of goods regarded as raw materials for manufacturing purposes, and to control the exportation of goods to ensure that the strategies of beneficiation of minerals and semi precious stones occur prior to exportation could be other export related NTBs. Although limited, export bans exist on a few products, like unprocessed tiger's eye. There is also an export duty of 15% levied on the export of unprocessed diamonds. Theft of products at SA border posts remains a problem, as are insurance issues on exported products into SADC. Port congestion and costs as well as lack of cold room facilities at airports remains a problem. In addition traders are also sometimes confused by overlapping multi- and bilateral trade deals and differing requirements.

A number of those NTBs affecting exports also affect imports, particularly transport related factors. In addition Black Economic Empowerment (BEE) criteria affecting Government

Procurement could be an NTB, as well as some of the existing government monopolies. Visa control by the Department of Home Affairs has also been highlighted. With regard to customs issues there has been an improvement with regard to clearance, but one or two issues have still been highlighted as problematic. These include acquittals and cargo inspection issues. The strict and complicated rules of origin also inhibit the flow of regional imports into South Africa. Some traders have also struggled to ascertain the correct South African requirements with regard to SPS measures, and testing certification. South Africa has import bans on specific products, mostly for health, environment and safety grounds, but also on used goods which could potentially hinder regional trade.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Matters of national economic and social interest to South Africa are discussed through a multi-stakeholder forum called NEDLAC. The forum consists of Government, organised business, organised labour and organised community groupings which attempt to reach consensus on issues of social and economic policy. The Teseleco trade committee within the Trade Chamber of NEDLAC has set up an NTB task team. Given the existing structure in operation, comment from both organised business and Government on the proposed NTB reporting form and the proposed structure for reporting have been withheld until consensus has been achieved through the NEDLAC structure. In addition, the Department of Agriculture is currently undertaking an internal investigation with regard to NTBs. Hence, the structure and process for the notification, monitoring and elimination of NTBs will be agreed through NEDLAC with regards to the SADC process.

In addition to the above structure, the Agricultural Trade Forum (ATF), also a tripartite structure deals with the value chain in agriculture and specifically with trade agreements. Members are appointed by the minister of agriculture, and in a number of cases these may overlap with other NEDLAC positions.

A third key structure dealing with NTB related issues is the monthly stakeholders forum with SARS and interested private sector parties. The forum is open and concerns of business are discussed and worked upon effectively.

Hence, the structure and process for the notification, monitoring and elimination of NTBs in the context of SADC will need to incorporate all three of the above structures. The NEDLAC Teseleco committee would appear to be the most central choice for a contact point, however, communication mechanisms with the other relevant committees will have to be established with regard to NTBs.

## SUDAN

Analysis of Sudan's trade within COMESA countries during the period 2001 to 2005 shows exports and imports were quite insignificant compared to the country's total exports and imports. On average, the region took a mere 3% of Sudan's total exports, and on the other supplied only 6% of the country's total imports during the period. The country's trading partners were limited to a few COMESA countries, and are dominated by Egypt, which took an average of 74% of total exports, and supplied an average of 69% of imports sourced from the region during the period of analysis. Exports are limited to unprocessed products while imports comprise of manufactured items, indicating that the country's level of manufacturing is still very low. The analysis also shows that while Sudan is a member of the COMESA Free Trade Area (FTA), she has not exploited her membership to regional block's Free Trade Area arrangements, through which she can access potential markets and source for products from the region at preferential import duties. The low level of trade within the region is mainly due to the transportation bottlenecks that the country faces, insecurity towards the north and southern parts of the country which hinder ability to transport goods, cumbersome export and importation procedures which make Sudanese products very uncompetitive, and the poor manufacturing environment which contribute substantially to high cost of manufacturing in the country.

Additionally, the country like other COMESA members need to develop a dedicated website for posting its trade data, which could act as a guide to prospecting businesspeople within the region on available products and indicative markets.

The major challenges regarding implementation of the NTBs elimination and monitoring plan include establishing the National Monitoring Committee (NMC), setting its agenda and building sufficient secretariat capacity at the Ministry of Foreign Trade to deal with COMESA related NTB issues.

The survey has found out that Sudan has not implemented all the harmonized COMESA transit programs, which limit the ability of her businesspeople to transit within the region. The Sudanese government needs to urgently consider implementing these schemes, and a national forum needs to be organised to discuss the potential benefits and design an action plan in this respect.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Sudan needs to make a concerted effort in identifying export and import opportunities from the COMESA region in order to increase her level of trading within the regional bloc. Identification of export opportunities would enable the country to take advantage of her membership to the Free Trade Area, where she can export duty free. The COMESA Secretariat could help the country by sourcing availing indicative information of where potentials lie in exports and imports. Member countries also need to post their trade data to their websites, which could be useful in indicating the values and volumes of products imported and exported. A prospecting businessperson could then work out indicative prices, which would be a good guide to making a decision on how to pursue potential markets. The EU help-desk website could help the countries to develop such trade-oriented data, to be made available to businesspeople at minimal costs.

The initial agenda for Sudanese National Monitoring Committee on NTBs should focus on finding solutions to the Cumbersome importation process, long period and high

importation charges; Transportation bottlenecks which end up hindering the ability of Sudanese business people to penetrate potential markets within the region; and Uncompetitive manufacturing environment which is a key business concern and which needs to be addressed hand-in-hand with the identified NTBs.

The COMESA Secretariat should consider sourcing for some technical assistance to support Sudan's NTBs National Monitoring Committee to facilitate reporting, elimination and monitoring progress in NTBs related work. Further, the Ministry of Foreign Trade should host to the NMC, since it already has a well established COMESA department which means it would not be starting a completely new office.

## SWAZILAND

Swaziland has limited intra-SADC/COMESA/EAC trade because of its unique geographical position and size; being landlocked and almost completely surrounded by South Africa. Swaziland's dependence on South Africa has been influenced more by its membership to SACU and the Common External Tariff.

Delay in return of export documents for the purpose of acquittals causes major problems. Failure to acquit at the stipulated 1 month results in fines of E1000.0 per set of documents. Failure to submit documents for acquittals on time may result in paying 14% VAT of total value of goods every time the goods are to exit through South Africa. Delays translate into higher costs.

While Swaziland is a net importer, there appear to be more NTBs related to exports than imports. However, a majority of NTBs apply to both the exports and imports

Customs and Administration NTBs are the most prevalent. The most common denominator in the NTBs is that they are cumbersome, cause delays thus increasing the cost of trading.

Transport throughout the region is complicated by the different border procedures. Because the border requirements in the SADC, COMESA and EAC countries are not harmonized this causes congestion and delays resulting in rising costs. This lack of harmonization encourages corruption and bribery to get the process moving faster. The problem of bribery is especially prevalent in the corridor between the Beit Bridge border and Zambia, as well as some other borders in Zimbabwe and DRC. However, the SAD500 form is a good beginning towards harmonization, but needs to be improved and expanded. Further study needs to be done to facilitate regional harmonization.

The Federation of Swaziland Employers and Chamber of Commerce (FSE & CC) plays a pivotal role in receiving and coordinating all the NTB complaints from the private sector. After receiving the complaints, FSE & CC sends them to Government. Government then takes up the complaints with the individual governments involved under each NTB to solve them at a bilateral level. The process is long, tedious and in many cases, ineffective. A more effective mechanism for notification, tracking and elimination of NTBs needs to be established.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

Comments were received from the Director of Trade, Federation of Swaziland Employers and Chamber of Commerce with regard to the notification process. It is apparent that the current system of notification is purely a government to government issue, with the private sector taking up their case with the national government. A weakness of this system is the excessive bureaucracy which tends to slowdown any actions towards addressing the issues at the expense of the private sector.

The FSE & CC ensures constant communication with its membership through emails and telephone communication, and is organized into special sectoral sub-committees where issues are discussed in detail. Sometimes FSE & CC secretariat pays physical visits to the members to ascertain if there are any NTBs regardless of whether there is an issue at hand or not. The

good relations between the FSE & CC and Government have allowed FSE & CC to participate in a number of statutory bodies where some of the NTBs are addressed.

FSE & CC forward any issues that are raised to the concerned ministries for action. Since most problematic NTBs in Swaziland are administrative, more communication is usually directed to the Ministry of Finance, and the Ministry of Enterprise and Employment, and Ministry of Foreign Affairs and Trade. These ministries would then be required to relay the concerns to the respective Domestic, Regional and International forums through mechanisms known to them.

In some cases, the issues come from Government for discussions with the Private sector, most of which are anticipated changes. Some of these issues have resulted in workshops where both Government and the Private sector propose solutions. But as Swaziland is a member of the Southern African Customs Union, it remains upon Government to take the issues up to SACU forums for further deliberations. This has been another effective tool for the Private sector informs Government about the NTBs and their effects.

## TANZANIA

Analysis of exports to EAC, SADC and COMESA regional blocs shows that while Kenya was a major export destination, taking an average 27% of total exports to the region during the period 2001 to 2005, Uganda was an insignificant market, taking a mere 4% of Tanzania's total exports. The analysis also indicates that while the Common External Tariff (CET) of EAC Customs Union allows for zero% tariff rates to be applied on intra-EAC trade excluding few selected items imported from Kenya which attract 10%, this preferential tariff arrangement has not yet had an effect in making Uganda a significant market for Tanzania's exports. The EAC/COMESA/SADC region took an average of 27% over the period 2003-2006. The analysis also shows that South Africa and Kenya were the main regional markets, which took an average of 53% and 27% of total exports to the region respectively over the period 2003-2006. On the other hand, the region contributed 20% of Tanzania's imports during the period. Analysis of imports from EAC countries show that while Kenya was a major import source during the period, Uganda contributed a mere 1.1% of Tanzania's imports from the region, despite the preferential import tariffs that exist under the EAC Customs Union.

During the 2005/06 EAC and 2004 SADC NTBs consultations, it was found out that a number of NTBs exist on Tanzania's exports to EAC and SADC countries. The EAC categorised the NTBs under Cumbersome inspection requirements; Varying trade regulations among the three EAC and SADC countries and Varying, cumbersome and costly transiting procedures in the three EAC countries. The survey had also identified a number of NTBs that directly affect imports, categorised Customs and administrative documentation procedures; Cumbersome inspection requirements; Police road blocks; and Congestion at Dar es Salaam Port. The 2004 SADC survey had identified NTBs related to exports and imports, which are categorised under Customs administrative and documentation procedures, obstacles in getting export and import permits, Export bans; and Cumbersome inspection requirements. These NTBs still exist although to a smaller extent since Customs has made a lot of improvements in imports clearance through application of ASYCUDA++ system at major entry points.

Current consultations indicate that the public and private sector both prefer a structured approach to dealing with NTBs the reporting, monitoring and elimination process. The template NTBs monitoring mechanism that was proposed during the 2005/06 EAC NTBs survey is therefore validated as still relevant, and that it should be applied to report and facilitate elimination of NTBs experienced on intra-SADC trade. The template, which appears as Table 10 to this report identifies the NTBs reported, their content, responsible agencies, approach to eliminating the NTBs, performance benchmarks, possible constraints to elimination and the success factor which should be used to eliminate such constraints. At the time of endorsing the EAC mechanism in early 2006, it had been agreed that the EAC ministries responsible for EAC matters would coordinate its application. However, although the Tanzania NTBs Monitoring Committee has not convened an inaugural meeting to-date, this Ministry is still preferred as the coordinator of NTB issues.

During consultations on the EAC NTBs Monitoring Mechanism, it had also been agreed that heads of key institutions involved in trade matters would constitute membership of the National Monitoring Committees. While this membership is still valid, Tanzania trade stakeholders propose that it should be expanded to include additional institutions that had not been included at the time. The proposed membership is shown under Table 10 of this report.

Regarding harmonization of transit traffic procedures, it is understood that the private sector is lobbying the Tanzania Government to consider rejoining COMESA. If this development takes place, the private sector recommends that the country should implement all operational COMESA transit traffic schemes so as to facilitate regional cross-border transit traffic within the three regional trading blocs.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The analysis also shows that like her two EAC sister states, the recommended Action Plan for reporting, monitoring and eliminating NTBs in Tanzania should centre on four key issues, namely:

The need for Partner States within EAC and COMESA to consolidate and demonstrate their political and technical goodwill to implement aspirations of the EAC and COMESA Treaties, so that decisions passed at Council levels are respected and domesticated through timely amendments of national laws, regulations and practices;

The need for Partner States need to ensure that the legal and regulatory framework governing the integration process is properly enshrined in their national laws, clearly understood and complied with by all agencies responsible for enforcement of trade regulatory and administrative requirements.

The need to build capacity at the coordinating ministry and business associations so as to enable the NTBs Monitoring Committee to play its role of facilitating reporting, monitoring and elimination of NTBs. An effective secretariat capacity will also help to kick-start application of NTBs monitoring and elimination mechanism without further delay.

The need for harmonising the regional transit traffic schemes. This is especially because Tanzania belongs to both EAC and SADC trading blocs, while its EAC partner states also belong to COMESA, which means there may be some transit procedures that have contradictory elements and focus. Such conflicts can only be addressed effectively if the three regional trading blocs harmonised the applicable procedures.

## UGANDA

Analysis of Uganda's trade with EAC and COMESA countries over the period 2001 to 2005 shows that despite the country belonging to both EAC and COMESA regional trading blocs, she has not fully exploited the opportunities that have arisen from the applicable preferential tariffs. Under the EAC Customs Union, Uganda can export to Tanzania and Kenya at zero import duty. She can also import from Tanzania at a zero rate and from Kenya at the same level of duty for majority of items. For COMESA, although Uganda does not yet belong to the Free Trade Area, she can also export to the region at lower import tariffs than those applicable to non COMESA countries. While the low level of trade within the region may be due to the fact that the countries produce almost similar products which translate to minimal trade opportunities, non-tariff barriers may have played a part in discouraging exploitation of the region's export and import potential. The country exported an average of 21% of her total exports to the region. On the other hand, it imported an average of 28% from the region out of her total imports. Her leading trade partner on both exports and imports was Kenya, which took an average 39.5% of exports to the region and supplied a whopping 90% of imports from the region. The major export products were coffee and tea with an average of 29% of total exports to the region, while the major imports were petroleum products with an average of 48.5% of total imports from the region. It is notable that the bulk of petroleum products are sourced from Kenya, where Uganda faces serious constraints related to transport and other trade facilitation services like imports clearance at Mombassa Port.

During the 2005/06 EAC NTBs consultations, it was found out that a number of NTBs affect the ability of Ugandan businesses to export and import, which have been reaffirmed in the consultations leading to this report. The major export related NTBs fall under Customs documentation and administrative procedures, and Immigration procedures. Under WTO NTB codes, these obstacles are categorized under Government participation in trade and restrictive practices tolerated by governments (such as business registration and licensing); Customs and administrative entry procedures; and Technical Barriers to trade. Regarding import trade, the major NTBs fall under Customs documentation and administrative procedures, Transiting procedures, and Technical barriers to trade

The procedures for reporting existence, monitoring and elimination of the above NTBs involve the Governments, agencies responsible for enforcing trade related regulations, and the business community. Consultations show that both the Government and private sector prefer a structured approach to dealing these trade obstacles, which should also involve the EAC and COMESA Secretariats since most of them are beyond the border type of NTBs. Also, an effective approach to dealing with NTBs needs to be established at both the national and regional level, including an institutional structure in each country to steer the process. During consultations in Uganda, both the Government and private sector have reaffirmed their preference for the Ministry of Trade and Industry to be the coordinating ministry for NTBs issues as agreed during the 2005/06 EAC NTBS survey. This Ministry needs to be supported by the new Ministry for EAC.

For the Ministry to play an effective role in coordinating work on NTBs, its capacity needs to be built up, so that proper focus is established without diversion to routine operational matters. The EAC and COMESA Secretariats have been called upon to provide sourcing of resources required so that an effective secretariat can be established to provide assistance to the NTB Monitoring Committee.

An issue that is of major concern to Uganda is that the country faces significantly higher transport and trade facilitation costs because of its greater distances to seaports than its neighbouring EAC countries, Kenya and Tanzania. Since this problem substantially reduces the competitiveness of the country's exports and make imports more expensive, it will play a central role during the process of reporting and eliminating the impact of NTBs.

The current consultations have also reaffirmed the template that was proposed during the EAC 2005/06 NTBs survey, which includes identifying the NTB problem area, description, business impact, responsible institution, possible approach to elimination, performance benchmarks or targets, means of verifying that action has been taken, possible constraints, and the success factor for facilitating proposed actions. The detailed action plan proposed during the EAC NTBs survey has been validated during the current consultations and forms part of this report.

Regarding harmonization of procedures for transit traffic between countries in the region, Uganda has implemented most of the COMESA schemes aimed at facilitating cross-border trade, which are also being used within the EAC region. These include the COMESA Carrier's License, COMESA Yellow Card, and the proposed COMESA Bond Guarantee scheme, and COMESA Customs Declaration Document (CD-COM)

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

The analysis of NTBs that affect Uganda's trade within EAC/COMESA countries shows that the major recommended actions revolve around four main areas:

- Need for Partner States within EAC and COMESA to consolidate and demonstrate their political and technical goodwill to implement aspirations of the EAC and COMESA Treaties, so that decisions passed at Council levels are respected and domesticated through timely amendments of national laws, regulations and practices;
- Need for Partner States need to ensure that the legal and regulatory framework governing the integration process is properly enshrined in their national laws, clearly understood and complied with by all agencies responsible for enforcement of trade regulatory and administrative requirements.
- Need to build capacity at the coordinating ministry and business associations so as to enable the NTBs Monitoring Committee to play its role of facilitate reporting, monitoring and elimination of NTBs. An effective secretariat capacity will also help to kick-start application of NTBs monitoring and elimination mechanism without further delay.
- Need for harmonisation of regional transit traffic schemes aimed at reducing the country's transport and trade facilitation costs.

## ZAMBIA

Review of Zambia's economy between 2003 and 2006 shows that the economy grew at an average rate of 5.2%. This is in sharp contrast to the decade 1992 to 2002 when growth of the economy was characterized by intermittent growth and decline. The sustained economic growth reflects improved economic performance due to policy reform and improved economic management. The positive economic performance has, also been boosted by substantial debt relief under the Highly Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative and record high prices for metals, including copper, the mainstay of the Zambian economy.

The revival of the Zambian economy is also reflected in increased export earnings from both the metal exports and the Non-Traditional Exports.

The review of Zambia's trade between 2003 and 2006 shows that the bulk of (57%) of Zambia's exports went to the rest of the world, followed by the SADC (35%) and COMESA countries (8%) respectively, while most imports came from the SADC countries (60%) followed by the rest of the world (30%) and the COMESA countries respectively. However, though Zambia's trade increased during the period under review, both her exports and imports to and from the SADC and COMESA countries stagnated. The stagnation in Zambia's trade was more significant in the COMESA than in the SADC countries. The stagnation of Zambia's exports and imports to both the SADC and COMESA countries is somewhat surprising, because tariffs have been reduced and removed completely in the SADC and COMESA countries respectively due to their movement towards a FTA and launch of the COMESA FTA in 2000. Thus, tariffs seem to have been replaced by NTBs.

Stagnation and decline in exports could, however, also be due to an unfavourable domestic environment, while the decline and/or stagnation in Zambia's imports from the SADC and COMESA countries was most probably due to prevalence NTBs since the economy recorded significant growth. Firms operating in Zambia find the economic climate difficult, because of high taxes and bank interest rates, as well as absence of investment finance.

The commodities affected by NTBs include food commodities, such as maize and maize products, fruits and vegetables, animal products, poultry, milk and dairy products. Other goods affected by NTBs are fish and sea foods, as well as groceries including infant milk formulas. The NTBs reported in Zambia range from restrictions justified in terms of ensuring national security to Technical Barriers to Trade (TBTs) and phytosanitary regulations, and customs administration including delays, different interpretations of rules of origins, and lack of transparency in the calculation of duties and other taxes. Delays at numerous road blocks, bribery and corrupt practices involving customs, immigration and security officials were the other NTBs identified by importers and exporters.

Most NTBs resulted in loss of business and delays, which increased the cost of cross border trade. There was, therefore, an urgent need to remove NTBs to promote intra-regional trade and development. Improved awareness of NTBs within the business community and in the relevant public institutions is critical to their removal. Region wide identification of rules, regulations and laws whose enforcement produce NTBs was also essential to effectively address most NTBs. A fast track mechanism for resolution of NTBs would also be essential to winning the confidence of the business community and encourage them to report NTBs

whenever they encounter them. SADC and COMESA countries should also be encouraged to replace NTBs with measures aimed at promoting production of goods for export within the regional trade blocs.

### **Recommended Actions on Notifications, Monitoring and Elimination of NTBs**

There is an urgent need to remove NTBs affecting both the Zambian imports and exports. Barriers affecting Zambian exports, in particular, require urgent attention as the country has huge trade deficits with its SADC and COMESA trading partners. To achieve that, there is need for Governments in the region to identify rules, regulations and laws whose application results in NTBs that constrain intra-regional trade. This is particularly essential for those rules, regulations and laws that have no bearing on the health and safety of human, animals and plant life. Measures that seek to protect the local producers or protect penetration of the domestic markets by firms based in other countries ought to be removed and be replaced by measures aimed at promoting the production of goods that have potential of being produced for both the domestic and the regional/international markets.

Measures to remove NTBs arising from customs administration should be the easiest to resolve as they arise largely from the administration and interpretation of the rules of origins. To help build confidence of small-scale cross border traders, in particular, in the valuation of imports from the SADC and COMESA countries, there is need to publicize how the relevant duties and taxes on different goods are worked out. This is important to reduce delays, remove suspicion and prevent the reported high occurrence of bribery and corruption at the ports of entry. Improved confidence in the valuation of goods for duty and tax purposes would also discourage smuggling, which is not only risky but costly.

Reduction of road blocks would also go a long way towards reducing the cost of intra regional trade and thus promote cross border trade.

Measures to harmonize rules, regulations and laws that obstruct trade ought to be taken on a regional wide basis.

## ZIMBABWE

Zimbabwe's total trade with COMESA in 2003 amounted to US\$93.3 million. This comprised exports worth US\$14,6 million and imports worth US\$78,6 million. In 2004 total trade amounted to US\$ 254,0 million made up of exports worth US\$119,7 million and imports worth US\$134,3 million. Zimbabwe's total trade with COMESA grew by 173% between 2003 and 2004. Under COMESA imports and exports grew by 71.7% and 750% respectively between 2003 and 2004.

Non Tariff Barrier/ Non tariff Measure	Comment
Customs Documentations and clearance	<ul style="list-style-type: none"> <li>o The situation has significantly improved, however, at times challenges are experienced in the clearance of goods, when new staff is involved.</li> <li>o The CD1 electronic acquittal system has improved significantly.</li> <li>o It also emerged that commercial banks and clearance agents are at times responsible for delaying the acquittal of CD1 Forms and clearance of goods.</li> </ul>
Single channel marketing of maize, and gold. Restrictions on export of various raw materials. Import controls on selected food products.	<ul style="list-style-type: none"> <li>o The situation has not changed. Most restrictions have been put in place either for food security reasons or to promote domestic value addition to raw materials</li> </ul>
Import and Export Licensing  Access to Foreign Currency	<ul style="list-style-type: none"> <li>o The issuing of licenses seems to have improved, as conditions for issuing them have been clearly defined and the lead-time of their issuance is now 2 to 3 days. However these import permits remain NTBs to trade as they are used to reduce either exports or imports to either ensure adequate supplies of the commodity on the market or to protect domestic industry. Mostly food products affected.</li> <li>o Foreign currency constraints continue to be a major concern, creating significant distortions in the market.</li> </ul>
Classification Delays	<ul style="list-style-type: none"> <li>o Continue to cause delays, usually in circumstances when inexperienced staff is undertaking the process.</li> </ul>
Transporters	<ul style="list-style-type: none"> <li>o Border delays are still a major concern</li> <li>o The SADC protocol on transportation should be implemented as a matter of urgency.</li> <li>o There are still numerous challenges in moving goods across the region because of varying regulations applied in different countries.</li> <li>o Poor infrastructure and the state of the road network in the region are affecting efficient movement of goods, forcing importers and exporters to use alternatives routes which are expensive.</li> </ul>

### Recommended Actions on Notifications, Monitoring and Elimination of NTBs

A system for notifying and monitoring of NTBs is critical in that it will help in the process of quantifying the loss of revenue caused by delays in the processing of customs documents and the whole host of NTBs. Additionally the notification process will help to bring out an objective picture of the existing NTBs, as documentary evidence pertaining to the challenges exporters and importers would have encountered over a defined period would be available for perusal by all interested parties. Unlike the current situation where there is no documentary

evidence, which highlights the nature and magnitude of NTBs, as such the current consultation processes are not being informed by tangible evidence but are relying mainly on the views of industrialists about challenges that would have encountered in the past.

The key issues that that emerged with regard to the notification and monitoring process is as follows:

The notification template is user friendly as it does not require unnecessary detail;  
Three institutions were nominated as focal points, namely the Zimbabwe Investment Authority, Ministry of Industry and International Trade and Competition and Tariff Commission.

Other recommendations include:

As language is proving to a major barrier in regional trade it is recommended that translators be recruited by Custom Authorities in the region and also that companies be proactive by employing people who are multilingual in their export departments;  
Embassies should be well equipped with trade and business information of their respective countries, as the lack of such information is a barrier to regional trade development;

Clearing of goods at the Mozambique border post is time consuming, and a number of Zimbabwe business people have incurred huge losses as a result of the long delays. It is therefore recommended that processes should be streamlined to enable quick passage of goods;

Exchange visits should be encouraged in order to familiarize with standards and processes from other countries.

The notification and monitoring system should be implemented as a matter of urgency.

In future the secretariat should institute a study to model the effects of NTBs on intra regional trade.

Recommended that the Competition and Tariff Commission be appointed as the focal notification point for NTBs as it a neutral body.

## **ANNEX 2: GLOSSARY OF TRADE TERMS**

Anti-dumping duties - special import duties imposed when a firm, following an enquiry, is assessed as having sold a product in the importing market at a price below the one it charges in the home market.

Countervailing duties - special duties imposed on imports to offset the actual or potential injurious effects (i.e. price undercutting) of subsidies to producers or exporters in the country of export.

Dispute settlement - within the WTO, enables members to challenge the actions of others they believe breach WTO rules.

Dumping - exporting goods at a price lower than the price normally charged on the domestic market. Governments in the importing country may levy anti-dumping duties, designed to offset the actual or potential injurious effects of dumping practices.

Export Subsidies - government payments or other financial contributions provided to domestic producers or exporters if they export their goods and services (i.e. contingent on export performance).

FTA - Free Trade Agreement, also known as preferential trade agreement, between two or more states. Involves the parties granting tariff preference to each other's suppliers, along with other benefits in areas such as government procurement and non-tariff measures.

Government procurement - purchases by central and territorial governments.

MRAs - Mutual Recognition Arrangements are agreements between two or more economies to recognise each other's standards, qualifications or licensing requirements. MRAs can cover goods, services, education and professional qualifications.

Non-discrimination - a core principle of the multilateral trading system under the WTO. It includes most favoured nation (MFN) treatment and national treatment.

Preference - access to markets on more favourable terms for particular suppliers, e.g. New Zealand and Australia grant each other duty-free entry for Australasian goods under CER.

Reference prices (or check prices) – values for the assessment of import duties that are administratively and arbitrarily set for imports rather than accepting the declared market value of these goods.

Quota (or Tariff Quotas) - as a result of the Uruguay Round Agreement of the GATT these are devices that enabled importing countries to replace non-tariff measures such as general import quotas and voluntary export constraints with limits on imports. They involve a specified quantity that is allowed entry at a low (or zero) tariff rate, with imports over this quantity subject to the general tariff rate.

Rules of origin - the production and content criteria defining where a good comes from, e.g. in CER at least half the factory-gate price of the goods must be due to New Zealand input for them to be of New Zealand origin.

Safeguard action - temporary measures to allow companies to adjust to heightened competition from foreign suppliers, even where the competition is not a result of dumped or subsidised product. An example is the penalty tariffs the United States is currently imposing on some steel imports, including from New Zealand.

State Trading Enterprises (sometimes known as Single Channel Marketing) - defined in the WTO as “Government and non-government enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchase or sales the levels or direct of imports or exports”.

Tariffs - a tax levied on imports of goods as they cross the border. These may be a percentage of the product’s value or a set monetary amount, known as ‘specific tariffs.’ In most countries, including New Zealand, a difference exists between a permissible maximum - or “bound” - rate agreed with the WTO and the lower unbound or “applied” rate levied on imports.

Tariff escalation - tariff rates that increase with each additional level of processing, thus penalising value-added products, as is often the case with our wood exports.

Tariff quotas - allow a certain volume of product access at a lower tariff level. A higher tariff is charged on products imported outside the tariff quota.

Trade liberalisation - the process of lowering national barriers to trade in goods, services and intellectual property.

Trade policy - the complete framework of laws, regulations, international agreements and negotiating stances adopted by Government to achieve legally binding overseas market access for domestic firms.

# ANNEX 3: EXTRACT FROM WTO DOCUMENT TN/MA/S/5/REV.1 OF NOVEMBER 2003

**World Trade  
ORGANIZATION**

TN/MA/S/5/Rev.1  
28 November 2003  
(03-6324)

**Negotiating Group on Market Access**

## TABLE OF CONTENTS OF THE INVENTORY OF NON-TARIFF MEASURES

Note by the Secretariat<sup>7</sup>

### Revision

Pursuant to the discussion in the Negotiating Group on Market Access at its July 2003 meeting regarding the subject of non-tariff barriers, it was agreed that participants should improve or make new submissions on non-tariff barriers. Furthermore, in order to improve the responses and analysis, it was agreed that the Secretariat would send out the format for such notifications, including a new inventory categorisation. The attached information was sent to all delegations by fax in September and is now being formally circulated in order to aid in this process.

<b>Maintaining participant</b>	<b>Products affected by the barrier</b>	<b>Nature of the barrier</b>	<b>Trade effects of the barrier</b>	<b>Inventory category</b>	<b>Relevant WTO provisions</b>	<b>Treatment of the barrier</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

In Column 1 (Maintaining participant), at this point in time, notification of the maintaining participant is not necessary, however, if the participant wishes to submit this information, a column is identified for such purpose.

In Column 2 (Products affected by the barrier) participants are requested to list the products affected by the barrier. In this connection both the HS tariff line and the product description should be notified. If the problem is generic in nature, i.e. across all product categories, please indicate accordingly.

In Column 3 (Nature of the barrier), participants are requested to explain what the barrier is and how it operates.

In Column 4 (Trade effects of the barrier), participants are requested to give an indication of the trade effects of the barrier.

In Column 5 (Inventory category), participants are requested to indicate the Inventory category, as set out in the revised attached Inventory, under which this barrier would fall. If no specific category exists for this barrier, please use the last category, "other" and give additional details if necessary.

In Column 6 (Relevant WTO provisions), participants are requested to indicate whether the barrier is covered by an existing WTO Agreement. If that is the case, please specify the relevant Article or Agreement.

<sup>7</sup> This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

In Column 7 (Treatment of the barrier), participants are requested to indicate how they would like to address this barrier in the context of the non-agricultural market access negotiations. In particular, as suggested at the meeting of the Negotiating Group in July 2003, it is expected that the participant would identify which of the four categories, as outlined in the "Draft Elements of Modalities" (TN/MA/W/35/Rev.1), the NTB would be classified. The four categories are listed below, and a), b), c), and d) have been assigned to them for easy reference and identification in the tabular format.

- a) Selected NTBs, to be agreed upon by the participants, would be dealt with by the NGMA on the basis of modalities, which could include request/offer, horizontal, or vertical approaches;
- b) NTBs that have a specific negotiating mandate in the Doha Declaration in other areas should continue to be addressed in that body but information on the progress or outcome of those negotiations should be reported to this group for transparency;
- c) Work on NTBs which relate to other areas of the Doha Declaration which currently do not have a specific negotiating mandate would progress in other fora but information on the progress should be reported to this group for transparency; and
- d) NTBs that currently do not have a specific negotiating mandate would, after further clarification and if the group decides there is a need to send them to another WTO body, be reported to the TNC in order to be forwarded to the appropriate WTO body for action and reporting back.

PARTS AND SECTIONS	DESCRIPTION
Part I  A B C D E	<u>Government Participation in Trade and Restrictive Practices Tolerated by Governments</u>  Government aids, including subsidies and tax benefits Countervailing duties Government procurement Restrictive practices tolerated by governments State trading, government monopoly practices, etc.
Part II  A B C D E F G H I	<u>Customs and Administrative Entry Procedures</u>  Anti-dumping duties Customs valuation Customs classification Consular formalities and documentation Samples Rules of origin Customs formalities Import licensing Preshipment inspection
Part III  A B C	<u>Technical Barriers to Trade</u>  General Technical regulations and standards Testing and certification arrangements
Part IV  A B C	<u>Sanitary and Phytosanitary Measures</u>  General SPS measures including chemical residue limits, disease freedom, specified product treatment, etc. Testing, certification and other conformity assessment

<b>PARTS AND SECTIONS</b>	<b>DESCRIPTION</b>
Part V  A B C D E F G H I J K L	<u>Specific Limitations</u>  Quantitative restrictions Embargoes and other restrictions of similar effect Screen-time quotas and other mixing regulations Exchange controls Discrimination resulting from bilateral agreements Discriminatory sourcing Export restraints Measures to regulate domestic prices Tariff quotas Export taxes Requirements concerning marking, labelling and packaging Others
Part VI  A B C D E	<u>Charges on Imports</u>  Prior import deposits Surcharges, port taxes, statistical taxes, etc. Discriminatory film taxes, use taxes, etc. Discriminatory credit restrictions Border tax adjustments
Part VII  A B C D E	<u>Other</u>  Intellectual property issues Safeguard measures, emergency actions Distribution constraints Business practices or restrictions in the market Other

## **ANNEX 4: EXAMPLE of COMESA NTB REPORT<sup>8</sup>**

COUNTRY IMPOSING: ABC

COUNTRY REPORTING: XYZ

DESCRIPTION OF PRODUCT: Galvanised Steel Coils

DESCRIPTION OF NTB: Originating Status

**XYZ complained<sup>9</sup> that ABC authorities were demanding the galvanized steel coils should be engraved with the wording “Made in XYZ” as proof of origin.**

ACTION TAKEN:

**Issue was brought to the attention of the Government of ABC**

**Report No. CS/TCM/TC/XIX/21 of the 19<sup>th</sup> Trade and Customs Committee meeting held on 16<sup>th</sup> – 18<sup>th</sup> October, 2006 in Ezulwini, Swaziland.**

**Under paragraph 110 (p) XYZ reported that it’s exports to ABC of Galvanised steel coils were denied market access on account of non-recognition of the certificate of origin (Originating Status).**

**ABC reported that it would check on the complaints and report in the next meeting. The matter is also to be considered at bilateral level.**

22<sup>nd</sup> Council of Ministers – 12<sup>th</sup> – 13<sup>th</sup> November, 2006 in Djibouti

CS/CM/XXII/9.

**Under the report on NTBs it was decided that ABC would check on the complaint and report accordingly.**

**On 30<sup>th</sup> March, 2007 a follow up letter was sent to the Government of ABC requesting them to prepare a progress report for submission to the Trade and Customs Committee meeting to be held on 16 – 20<sup>th</sup> April, 2007 in Djibouti.**

STATUS:

**Awaiting for a report from the Government of ABC.**

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<sup>8</sup> Actual Country names have been removed

<sup>9</sup> Re: TCCM No. 19 Para 110 (p)  
CM No.22 Item (d) Elimination of NTBs – Council Decisions

**ANNEX 5: Intra COMESA Trade (2005)**

Exporter	Angola	Burundi	Congo	Djibouti	Egypt	Eritrea	Ethiopia	Kenya	Comoros	Libya
Angola		0	0	0	0	0	0	0.1	0	0
Burundi	0		0	0	0	0	0	0.2	0	0
Congo	0	0		0	0.1	0	0	1.2	0	0
Djibouti	0	0	0		1.2	0	59.5	1.4	0	0
Egypt	3.8	0.2	0.5	8.4		0	22.3	50.1	0	150.2
Eritrea	0	0	0	0	0		0.1	10.5	0	0
Ethiopia	0.2	0.2	0.2	58.6	16.2	0		3.4	0	0.2
Kenya	1.4	48.5	139.4	8.7	114	13.8	35.8		6.6	0
Comoros	0	0	0	0	0	0	0	0		0
Libya	0	0	0	0	107.7	0	0	0	0	
Madagascar	0	0	1.4	0	0.8	0	0	2.6	4.5	0
Mauritius	0.1	0.4	0	0.2	0.1	0	0.8	6.7	3.3	0
Malawi	0	1.2	0.3	0	16.2	0	0	7.1	0	0
Rwanda	0.1	2.1	3.7	0	0	0	0.1	32.5	0	0
Seychelles	0	0	0	0	0	0	0	0	0	0.1
Sudan	0	0	0	0	51.2	0	2.5	2.7	0	1.4
Swaziland	0	0	0	0	0.3	0	6	33.6	0	0
Uganda	0.8	20.8	60.4	0	3.3	0.2	0.2	72.4	0	0
Zambia	0.5	0	106	0	0.1	0	0.1	14	0	0
Zimbabwe	2.5	0.2	19.5	0.5	1.2	0	1.6	5.8	0	0.1
<b>Total</b>	9.5	73.6	331.2	76.3	312.5	14.1	129.1	244.4	14.3	152

Exporter	Madagascar	Mauritius	Malawi	Rwanda	Seychelles	Sudan	Swaziland	Uganda	Zambia	Zimbabwe	Total
Angola	0	0	0	0.1	0	0.2	0	0	0	0.2	0.6
Burundi	0	0	0.3	6.2	0	0.4	0	0.1	0	0	7.3
Congo	0.1	0	0	2.1	0	0.6	0	2.7	33.4	0	40.2
Djibouti	0	0.1	0	0.4	0	0.2	0	0	0	0	62.8
Egypt	3.4	5.6	1.6	0.5	0.1	185.9	0.4	2.8	1.5	0.9	438.1
Eritrea	0	0	0	0	0	0.7	0	0.1	0	0	11.6
Ethiopia	0	0	0	0.8	0	16.4	3.3	0.5	0.1	0.2	100.2

<b>Kenya</b>	5.2	6.4	20.7	142.4	3.5	110.2	0.1	633.7	38.2	3.5	1,332.10
<b>Comoros</b>	0	0.1	0	0	0	0	0	0	0	0	0.1
<b>Libya</b>	0	0	0.1	0	0	8.2	0	0	0	0	116.1
<b>Madagascar</b>		11.9	0	0	0.4	0.2	0	0	0	0	21.7
<b>Mauritius</b>	82		0.1	1	14.7	0	0.1	0.6	0.5	1.8	112.4
<b>Malawi</b>	0	0		0.8	0	0	0	0.2	7.3	11.8	45
<b>Rwanda</b>	0	0	0		0	0.1	0.6	1.7	0	0.1	41.1
<b>Seychelles</b>	0	0.4	0	0		0	0.2	0	0	0	0.8
<b>Sudan</b>	0	0	0	0	0		0.1	0	0	0	57.8
<b>Swaziland</b>	8.7	5.9	4.3	0	1.9	14.7		16.1	3.3	0.4	95.3
<b>Uganda</b>	0	1	0.1	36.1	0	50.5	0.4		0.3	2.7	249.3
<b>Zambia</b>	0	1.5	63.8	0	0	0	0.9	1		78.4	266.3
<b>Zimbabwe</b>	0	2.1	51.7	0.7	0.1	0.5	0.9	1.6	89.5		178.5
<b>Total</b>	99.6	35.1	142.6	191.2	20.6	388.8	7.1	661.2	174.2	100.1	3,177.40

US\$ Millions

Source: National Statistical Offices, COMESA Secretariat

## ANNEX 6: PROPOSED REGIONAL NTB REDUCTION PROCESS

### STEP ONE (Definition)

Activity		MEMBER STATE										
		Prevalence/Non-transparency				Impact on Trade				Removal/Harmonization Timeline		
Core NTBs	Suggested WTO Category	High	Medium	Low		High	Medium	Low		Immediate 0-12 months	Medium 1-2 years	Long 2-5 years
Cumbersome Customs procedures & documentation	Customs and Administrative Entry Procedures											
Cumbersome import licensing/permits	Customs and Administrative Entry Procedures											
Cumbersome export licensing/permits	Specific Limitations											
Import and export quotas	Specific Limitations											
Unnecessary import bans/prohibitions	Specific Limitations											
<b>Other NTBs</b>												
Restrictive charges not being import or export duties	Charges on Imports											
Restrictive single	Government											

channel marketing	Participation in Trade and Restrictive Practices Tolerated by Governments												
Prohibitive transit charges	Charges on Imports												
Cumbersome visa requirements	Other												
Restrictive technical regulations	Technical Barriers to Trade												
Restrictive commercial contract enforcement	Other												

**STEP TWO: Resolution process -**

Notification, circulation and resolution procedure:

- Define Process,
- Mandate Responsibilities,
- Confirm Deadlines,
- Agree Non-action recourse

**STEP THREE: SADC wide NTB reduction by trade facilitation on thematic basis-**

Agricultural products (including SPS issues and single channel marketing)

Standards harmonisation

Visa harmonisation (travel and work)

Transport and transit (infrastructure, charges, tolls, permits etc)

Customs procedures and documentation

Border post management and services

Import and export permits and licenses (if not covered elsewhere)

Anti-corruption mechanisms.

**Action Points:**

- Prepare inventory of current trade facilitation processes and programmes – gap analysis
- Agree on future process and core stakeholders
- Propose mechanism and time line
- Define anticipated outcome
- Define resource requirements

## ANNEX 7: PROPOSED TEMPLATE FOR MONITORING AND ELIMINATING NTBs AT NATIONAL LEVEL

Name of Country: \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10
NTB No.	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses	Responsibility	Possible approach to eliminate NTB	Performance Benchmarks	Means of Verification	Constraints	Success factor
	<p><i>Generic description of area where NTB identified.</i></p> <p><i>Example</i></p> <p><i>Customs documentation and administrative procedures</i></p>	<p><i>Description of all NTBs identified the generic area</i></p>	<p><i>Provide listing of the negative impact NTB has on business</i></p>	<p><i>Department or Ministry responsible for administering the NTB in question</i></p>	<p><i>Suggested steps to improve application of measure and reduce negative impact on business</i></p>	<p><i>This could be set timelines for clearance of goods, production of improved operational manuals, reports, etc.</i></p>	<p><i>Reports and information, feedback on implementation of agreed steps to correct NTBs.</i></p>	<p><i>Provide constraints faced in eliminating NTB, i.e. resistance from Department concerned, financial or human resource inadequacies, etc.</i></p>	<p><i>This could be in form of sensitisation of officials and business operators, sufficient resource allocation by Governments, improved communication, i.e. between Head Office and border points</i></p>