

32ND EDITION OF INTERMODAL AFRICA

TUESDAY- 26-11-2024 TO THURSDAY- 28 -11- 2024

THE KAIRABA BEACH HOTEL

THE GAMBIA

TOPIC

Revisiting Trade Policies in Africa: Amending and Eliminating Challenges for Better Investment and Robust Business Relations that Increase Cargo Volumes and Faster Freight Movements

By: PS. Lamin Dampha

Ministry of Trade, Industry, Regional Integration and Employment (MOTIE)

PRESENTATION OUTLINE

- Background of Africa's Trade Policy Landscape
- Current State of Trade Policies in Africa
- Challenges of Trade Policies in Africa and their impact on cargo volumes and freight movements
- Proposed solutions to increase cargo volumes and enhance freight movements
- Revisiting Trade Policies in Africa to Strengthen Investment and Business Relations
- Vision for Africa's Trade Policy for Better Investment and Robust Business Relations

BACKGROUND OF AFRICA'S TRADE POLICY LANDSCAPE

- Africa's trade policy evolution has been shaped by its colonial history, which left fragmented markets and economies heavily dependent on raw material exports
- Post-independence, many nations pursued protectionist policies, focusing on import substitution.
- In 1980s witness of trade liberalization as part of structural adjustment program of IMF/World Bank
- From the 1990s onward, Africa's trade policy landscape is undergoing transformative changes as the continent seeks to strengthen regional integration, enhance global competitiveness, and drive sustainable economic development.
- The emergency of WTO has also instill new dynamism in trade policy evolution



CURRENT STATE OF TRADE POLICIES IN AFRICA

5

- **Diverse National Trade Policies**
 - ❑ African countries implement trade policies aligned with their unique economic contexts and development priorities
- **Regional Economic Communities (RECs):**
 - ❑ Play a vital role in harmonizing policies and fostering regional value chains.
 - ❑ Serve as building blocks for continental trade integration. Examples include AMU, COMESA, CEN-SAD, EAC ECCAS, ECOWAS, IGAD, and SADC, .
- **African Continental Free Trade Area (AfCFTA):**
 - ❑ Established in 2018, it is the world's largest free trade area by member states.
 - ❑ General Objectives: Create a Single African Market, remove tariffs on 90% of goods, reduce non-tariff barriers (NTBs), promote trade in goods, services, and investment, and encourage industrialization and economic diversification.

CHALLENGES OF TRADE POLICIES IN AFRICA AND THEIR IMPACT ON CARGO VOLUMES AND FREIGHT MOVEMENTS

Challenges

- In today's interdependent and globalized world, efficient and cost-effective transportation systems that link global supply chains are the engine fueling economic development and prosperity. UNCTAD estimates that 80 per cent of global merchandise trade by volume is carried out by sea and handled by ports worldwide, which makes maritime transport a strategic economic trade enabler. The trade competitiveness of all countries - developed and developing alike, and including landlocked countries - depends heavily on effective access to international shipping services and port networks.
- **Infrastructure Deficits:** Poor transportation networks, inefficient ports, and inadequate logistics increase costs and delay trade. The inadequacy of basic infrastructure including maritime information has been a major factor in the lack of diversification and competitiveness of African economies, the continent's marginalization in the dynamic sectors of regional and global trade, and its relatively low level of intra- regional trade. Compared to the other regions of the world, both developed and developing, the impediment to production and trade arising from the underdevelopment of infrastructure is much more severe in Africa.
- **Non-Tariff Barriers (NTBs):** Lengthy customs procedures, corruption, customs delays, inefficient logistics, and cross-border restrictions and lack of transparency hinder trade efficiency.
- **Limited Access to Finance:** Micro, Small, and Medium Enterprises (MSMEs) struggle to obtain trade finance and credit.
- **Low harmonized Regional Policies:** Lack of harmonization in trade and transport policies across regional economic communities (RECs).



CHALLENGES OF TRADE POLICIES IN AFRICA AND THEIR IMPACT ON CARGO VOLUMES AND FREIGHT MOVEMENTS

Impacts

- Slow movement of goods increases costs for businesses and discourages trade.
- Low cargo volumes limit the potential of ports and logistics hubs, hindering economic growth.
- The lack of investment in infrastructure and logistics creates bottlenecks for regional and international trade.



PROPOSED SOLUTIONS TO INCREASE CARGO VOLUMES 8 AND ENHANCE FREIGHT MOVEMENTS

- **Harmonizing Trade and Customs Policies:** Simplify customs procedures to reduce delays and enhance transparency and Adopt a single-window system for trade to streamline cross-border processes
- **Infrastructure Development:** Invest in intermodal transport systems, including ports, railways, and road networks, to support efficient freight movements.
- **Leveraging Technology:** Encourage the adoption of **FinTech** and digital trade platforms to improve payments and supply chain efficiency and Implement smart port systems to increase port productivity and reduce turnaround time for cargo handling.
- **Addressing Non-Tariff Barriers (NTBs):** Establish monitoring systems to track NTBs and create mechanisms for their resolution and strengthen dispute resolution mechanisms under AfCFTA and RECs like ECOWAS.
- **Capacity Building:** Train customs and logistics personnel to handle modernized systems and improve service delivery and support businesses, especially MSMEs, in navigating international trade regulations.
- **Enhancing Regional and Continental Integration:** Strengthen collaboration within regional blocs like ECOWAS and AfCFTA to foster seamless connectivity.

VISION FOR AFRICA'S TRADE POLICY FOR BETTER INVESTMENT AND ROBUST BUSINESS RELATIONS

- Promote sustainable development through trade diversification and industrialization.
- Ensure inclusive growth by integrating marginalized groups, particularly women and youth, into trade systems.
- Transform Africa into a competitive global trading bloc by leveraging the AfCFTA.
- Promote modernization of ports, road networks, and railways.
- Advocate for adoption of digital trade systems and smart logistics.
- Incentivizing investment through predictable trade policies.
- Strengthening institutional frameworks for trade facilitation.

REVISITING TRADE POLICIES IN AFRICA TO STRENGTHEN INVESTMENT AND BUSINESS RELATIONS

- Implement investment-friendly policies that attract private sector participation in logistics and infrastructure.
- Reduce bureaucratic hurdles and improve ease of doing business across African countries.
- Promote public-private partnerships (PPPs) to bridge the infrastructure funding gap.
- Creating free trade zones and industrial parks
- Offer tax incentives, and ensure policy predictability and stability

CONCLUSION

- In Africa as with the rest of the world, the importance of seaports to trade, and therefore to the continent's economic performance cannot be overstated. Ports are crucial for trade of most African countries due to the continent's high dependency on exports of raw materials and imports of food, manufactured goods and fuel. For example, more than 90 percent of Africa's total trade (including imports and exports) pass through seaports (UNECA, 2016). It is therefore important that ports development is given a priority in Africa to spur economic growth and development.



THANK YOU

Mr. Lamin Dampha
Permanent Secretary, MOTIE
lf dams@gmail.com