



United Nations
Economic Commission for Africa

Trade facilitation in North Africa for enhanced regional economic integration: challenges, opportunities and the way forward





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First printing August 2020

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Designed and printed in Addis Ababa by the ECA Printing and Publishing Unit. ISO 14001:2015 certified. Printed on chlorine free paper

Cover and inside photos: Shutterstock.com

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Abbreviations

ALGEX	Agence Nationale de Promotion du Commerce Extérieur (National Agency for the Promotion of Foreign Trade)
ANEXAL	Association Nationale des Exportateurs Algériens (National Association of Algerian Exporters)
ASYCUDA	Automated System for Customs Data
ASEAN	Association of Southeast Asian Nations
BADR	base automatisée des douanes en reseau (networked customs database)
CACQE	Centre Algérien du Contrôle de la Qualité et de l'Emballage (Algerian Quality Control and Packaging Centre)
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECA	Economic Commission for Africa
EgyTrade	Ministerial Steering Council for Egyptian Trade Facilitation
FTA	free trade agreement
GDP	gross domestic product
IPCSA	International Port Community Systems Association
ITC	International Trade Centre
MERCOSUR	Southern Common Market
OECD	Organization for Economic Cooperation and Development
QIZ	qualifying industrial zones
SADC	South African Development Community
SIGAD	système informatique de gestion et de contrôle des opérations de dédouanement des marchandises (computerized system for the management and control of goods clearance operations)
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UN Comtrade	United Nations International Trade Statistics Database
UNCTAD	United Nations Conference on Trade and Development
WCO	World Customs Organization
WITS	World Integrated Trade Solution
WTO	World Trade Organization

Acknowledgements

This study, “Trade facilitation in North Africa for enhanced regional economic integration: challenges, opportunities and the way forward”, was commissioned by the Subregional Office for North Africa of the Economic Commission for Africa (ECA).

It was prepared by Shamel Azmeh, University of Manchester, consultant of the Subregional Office for North Africa, with inputs and coordination by Amal Nagah Elbeshbishi at the Subregional Office and under the guidance of Lilia Hachem Naas, former Director of the Subregional Office.

The publication has benefited from the debates, conclusions and recommendations of the expert group meeting on trade facilitation in North Africa for enhanced regional economic integration, organized by the Subregional Office in Aswan, Egypt, from 25 to 28 November 2019.

I. Introduction

Over recent years, the issue of trade facilitation has emerged as an important element of multilateral, regional, and bilateral trade debates. The growing importance of this issue has reflected the important structural changes in global production and trade over the last few decades. In particular, the expansion of global value chains as the key channel for organizing global production and trade over the last few decades entailed new requirements to facilitate the movement of parts and components and final goods across national borders (Memedovic and others, 2008; Saslavsky and Shepherd, 2012). With a number of multilateral, regional and bilateral trade agreements providing a higher degree of predictability relating to tariffs and non-tariff barriers, there has been growing recognition that custom procedures, delays and red tape pose significant barriers to the cross-border movement of products. Such barriers often lead to significant time delays and additional costs for firms by disrupting the operations of global value chains and affecting the ability of firms to participate in these increasingly time-sensitive chains. As lead firms in global value chains continued to adopt so-called “just-in-time” production and logistical models that focus on speed, agility, and lower inventory, the importance of predictable and speedy border crossings increased in global value chains.

As a result of these dynamics, trade facilitation has become a key element of regional and multilateral agreements and initiatives with the objective of providing a less costly and more predictable environment for border crossings. The notion of “trade facilitation” covers a broad range of measures that simplify and streamline the movement of goods across national borders, including border and custom procedures, documentation, data-exchange infrastructure and appeal procedures, among others. At a multilateral level, following lengthy debates that commenced in the mid-1990s, a trade facilitation agreement was concluded at the World Trade Organization (WTO) in 2013, which entered into force in 2017. The Trade Facilitation Agreement includes a number of provisions that aim to expedite the movement of goods across borders and to improve cooperation between States on trade fa-

ilitation issues. In addition to the multilateral level, trade facilitation has become an important part of regional and bilateral trade agreements in recent years with a growing number of regional and bilateral agreements incorporating trade facilitation clauses. In addition, a number of regional blocs are pursuing ambitious trade facilitation agendas with the aim of boosting regional integration and regional value chains.

North Africa is part of these broader economic dynamics. While different countries in the region differ in terms of their economic structures and integration in the global economy, the region is highly integrated in global value chains with countries such as Egypt, Morocco and Tunisia demonstrating a high level of integration in a number of sectors, such as textile and clothing, electronics and the automotive industry. Countries in the region are also signatories to a range of multilateral, regional, and bilateral agreements that include provisions on trade facilitation. Some of the North African economies, in particular Morocco and Tunisia, are highly integrated in European Union-oriented global value chains and are also signatories to free trade agreements with the European Union. Other States in the region, such as Egypt and Morocco, also have preferential trade agreements with the United States of America. All countries in the region are also signatories to the Agreement Establishing the African Continental Free Trade Area. Furthermore, some countries in the region, among which Tunisia is at the most advanced stage, are negotiating deeper agreements with the European Union through the framework of the Union’s deep and comprehensive free trade agreements.

This report provides an analysis of the position of North Africa with regard to the trade facilitation agenda. The discussion is presented at three levels of analysis. The first is the national level, at which a thorough analysis is made of the policies of each North African country in respect of trade facilitation. The second is the regional level, where the focus is placed on initiatives within the North Africa region related to trade facilitation. At a third level, the analysis looks at this regional picture in

the context of broader developments in the area of trade facilitation and, in this process, a comprehensive review of developments in this area has been conducted. In addition to multilateral processes, a special focus was given to other regional initiatives in this area with the objective of identifying examples of best practice policies that could be implemented in North Africa.

The report is based on a number of sources. An analysis was made of the key policies on trade facilitation and a review conducted of the manner in which trade facilitation is dealt with in different trade agreements. A detailed analysis was also made of trade facilitation in a number of regional blocs. Lastly, a country-by-country analysis was carried out of trade facilitation in North Africa.

The report is structured as follows. Chapter 2, after this introduction, discusses trade facilitation in the context of broader shifts in global production and trade. Chapter 3 provides an overview of trade facilitation in multilateral, regional and bilateral trade agreements. Chapter 4 examines in depth the trade facilitation agenda in other regional blocs, focusing on the two cases of the Association of Southeast Asian Nations (ASEAN) and the Common Market for Eastern and Southern Africa (COMESA), in addition to a shorter discussion of the Southern Common Market (MERCOSUR). Chapter 5 examines the trade facilitation situation in North Africa at both regional and national levels. In conclusion, policy implications are discussed in chapter 6.

II. Trade facilitation, global production, trade, and employment

A. Background

The global economy has experienced important changes over the last few decades. One of those changes has been the expansion of global trade as a result of a number of economic and policy shifts, in particular processes of trade liberalization in the last two decades of the twentieth century.

In addition to trade liberalization, this growth in global trade has been significantly driven by the important changes that have taken place in global production. Contrary to the vertically integrated production regime that dominated most of the twentieth century, in the 1980s leading global corporations began to adopt processes of outsourcing and offshoring, driving a process of fragmentation of production. This process was manifested in the growing importance of trade in intermediate goods in recent decades, which has had notable regional variation (Ando, 2006).

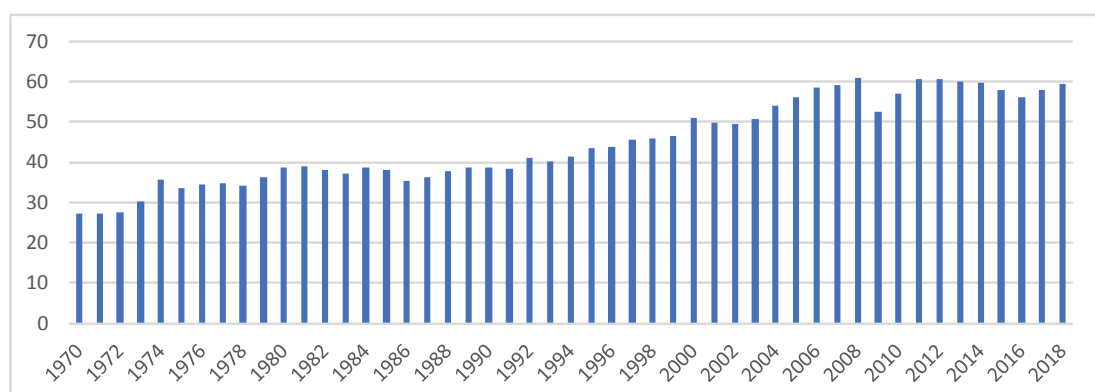
Those macro dynamics reflected important changes in the relationships involved in global production, in particular the expansion of fragmented production networks that link production activities in different parts of the world. Contrary to earlier production models, where a larger share of activities used to take place within the national borders of one State, a growing number of products and

services today are produced through fragmented cross-border networks. These networks link locations, firms, and workers in these places in dynamic and constantly changing networks.

In recent years, these networks of production have come to be called global value chains and there has been ever wider analysis of their implications for national economies and economic policies. While efforts to improve our ability to statistically capture trade in global value chains are ongoing, the fragmentary data available show that global value chains currently account for a very high percentage of global trade (World Bank and World Trade Organization, 2019). As a result, global value chains play an important role in shaping economic and social outcomes in different parts of the world through mechanisms such as governance of these chains, distribution of value within these chains, and potential for upgrading and technological developments through these chains.

Despite these changes, it is inaccurate to think that national borders have lost their role as key factors regulating the global economy (Azmeah, 2019). States still have important abilities and policy tools through which to control market access and the movement of goods through their borders. In addition, national borders remain the key containers of different rules, regulatory frameworks, currencies

Figure 1: Global trade as a percentage of world gross domestic product (GDP)



Source: World Bank, World Development Indicators, 2019.

and sanitary standards, among other functions. Furthermore, in the majority of countries, national borders remain important friction points in terms of border crossing, procedures and potential delays.

As the core of production through global value chains is the ability to organize cross-border production networks, navigating national differences remains an important challenge facing producing firms in different parts of the world. As a result, this model of production entails new requirements in terms of regulatory harmonization but also in terms of facilitating the efficient and predictable crossing of national borders for different parts and components and final goods.

In terms of efficiency, production through global value chains required an overall reduction in the costs of crossing borders, through the lowering of tariff and non-tariff barriers. Over the last few decades, such lowering of barriers was achieved by a number of tools, including unilateral trade liberalization by States, the expansion of the multilateral trade regimes through WTO, and the proliferation of regional and bilateral trade agreements. This has resulted in a substantial decline in trade costs: all costs incurred in getting a good to a final user other than the marginal cost of producing the good itself, including transportation costs, policy barriers, information costs and costs associated with the use of different currencies (Anderson and Van Wincoop, 2004; Arvis and others, 2016). Trade costs remain important, however, and trade facilitation is seen as a means of further reducing these costs. Even with lower tariffs, delays in the delivery of imported inputs could become a severe constraint on production. Red-tape barriers entailing high trade costs have been estimated at between 2 and 15 per cent of the value of traded goods (Zaki, 2014). Time delays have been found to have an important negative impact on trade (Djankov and others, 2010). In sub-Saharan Africa, for example, high transport costs, time delays and the uncertainty of inland transportation are found to be important barriers facing landlocked countries (Christ and Ferrantino, 2011).

In addition to lowering the cost of crossing borders, improving the predictability of crossing processes is a crucial requirement for the functioning of glob-

al value chains. The importance of these issues for the functioning of such chains has grown over the last few years, as a growing number of firms moved to adopt faster models of supply chain management. Such supply chain management models increasingly focused on just-in-time delivery of parts and components and on lowering investments in inventory. As a result, the ability to cross borders in a timely and predictable fashion has become a key requirement for the functioning of global value chains in order to enable the smooth flow of parts and components.

As a result of these dynamics, trade facilitation has emerged as an important policy issue in the international trade arena. Studies have found that trade facilitation is particularly important in the case of trade through global value chains (Saslavsky and Shepherd, 2012). At a broad level, trade facilitation can be defined as any policy action that reduces trade costs (Hoekman and Shepherd, 2015). The importance of this issue has been highlighted by a number of studies showing that trade costs could have a higher impact than tariffs (Martinez-Zarzo and Márquez-Ramos, 2008). A number of studies have attempted to measure the impact of trade facilitation on trade and economic performance. Overall, those studies have demonstrated the positive impact of trade facilitation on increase in trade, intraregional and interregional trade and export diversification (Dennis and Shepherd, 2011; Persson, 2013; Zaki, 2014; Beverelli and others, 2015). A number of these studies have also shown that this positive impact is more significant in the case of developing countries, where trade costs are generally higher.

Notwithstanding the overall positive impacts of trade facilitation, concerns about its possible negative impacts have also been raised by researchers and policymakers. Hoekman and Shepherd (2015) suggest that some of these concerns reflect the distribution of the gains from trade facilitation. One argument that they consider is that, in the context of global value chains, lead firms in the advanced economies often have enough power to capture the majority of the gains that could result from trade facilitation issues. A report by the South Centre in Geneva argues that, contrary to developed countries, developing countries will incur substantial costs in implementing trade facilita-

tion measures and that, further, the effect of such measures will be higher on the imports of developing countries than on their exports (South Centre, 2011). Others have highlighted how the impact of the trade facilitation agenda on promoting exports is likely to be limited in the absence of other policies that would enable firms to be competitive in the export market (Banga, 2014; Flentø and Ponte, 2017).

B. Employment and trade facilitation

While there is little research on the impact of trade facilitation on employment, extensive studies have been made of the link between employment and trade more generally. This literature has examined the impact of trade on employment, wages and working conditions. A wide range of academic studies have examined the gains from exporting as a way to measure the economic benefits of exports not only at the macro level, but also at the firm level. Exporting opens up a larger market, often with high unit prices. As a result, exporting firms, in principle, can produce more, thus hiring more workers and offering them higher wages, reflecting the higher market prices that their products receive (Brambilla and others, 2016). Productivity at exporting firms is also generally higher than non-exporting firms, which could lead to improving productivity across the economy through learning, linkages and technology dissemination. Examining data from 61 developing and low-income countries, Depetris Chauvin and Porto (2017) found evidence supporting the existence of a wage premium and identified four factors driving this premium: exporting firms hire more skilled workers; use more sophisticated machines; buy higher quality material inputs; and are more productive than non-exporting firms.

The scale of what might be termed the “export premium” in relation to employment and wages has been debated in the literature. Some studies have found that, indeed, exporting firms do pay higher wages than non-exporting firms (Alvarez and Lopez, 2005; Van Biesebroeck, 2005). Other studies, however, have argued that this premium shrinks when controlling for a number of firm and plant characteristics (Schank, Schnabel and Wagner, 2007). Factors that affect the wage premium in-

clude the type of employee in terms of occupation (management or workers), experience and education levels (Kong and others, 2018). Furthermore, a number of studies have examined the wage premium in relation to export markets. Examining data from six sub-Saharan African economies, Milner and Tandrayen (2007) found that this export premium varies by export market. Using cross-country panel data, Brambilla and Porto (2015) found that industries that export to high-income destinations pay higher average wages and attribute this to exporters to high-income destinations producing higher quality goods and, as a result, using higher skilled workers.

While the above literature has focused on the impact of exports on employment and wages, expansion in trade also includes growing imports. Other studies have examined the impact of trade liberalization more broadly on the labour market, focusing on a number of issues, such as employment, wages, formality, wage inequality and gender participation in the labour force (see for example Bosch and others, 2012; Kucera and Roncolato, 2011; Gaddis and Pieters, 2017; Dix-Carneiro, 2014; Helpman and Itskhoki, 2015; Menezes-Filho and Muendler, 2011). While reviewing all this literature is beyond the scope of this report, it is important to note that the evidence on these issues is generally inconclusive, as different studies show different results for different countries and different periods. Such variation is to be expected, in that it reflects the different economic outcomes of trade liberalization experienced by different countries in terms of the structure of the economy and the rise and decline of certain sectors. The majority of these studies, however, have found trade and trade liberalization to be a significant factor in affecting labour market dynamics.

As a result, through its impact on trade, trade facilitation has implications for employment and wages and other labour market outcomes. The effects of trade facilitation on employment and wages will, however, differ by the effects of lower trading costs on trade (exports and imports). At a conceptual level, if trade facilitation leads to an increase in exports and imports as the cost of trade drops, the question arises of the impact that this would have on employment and on wages. The answer to this question depends on the specific impact on ex-

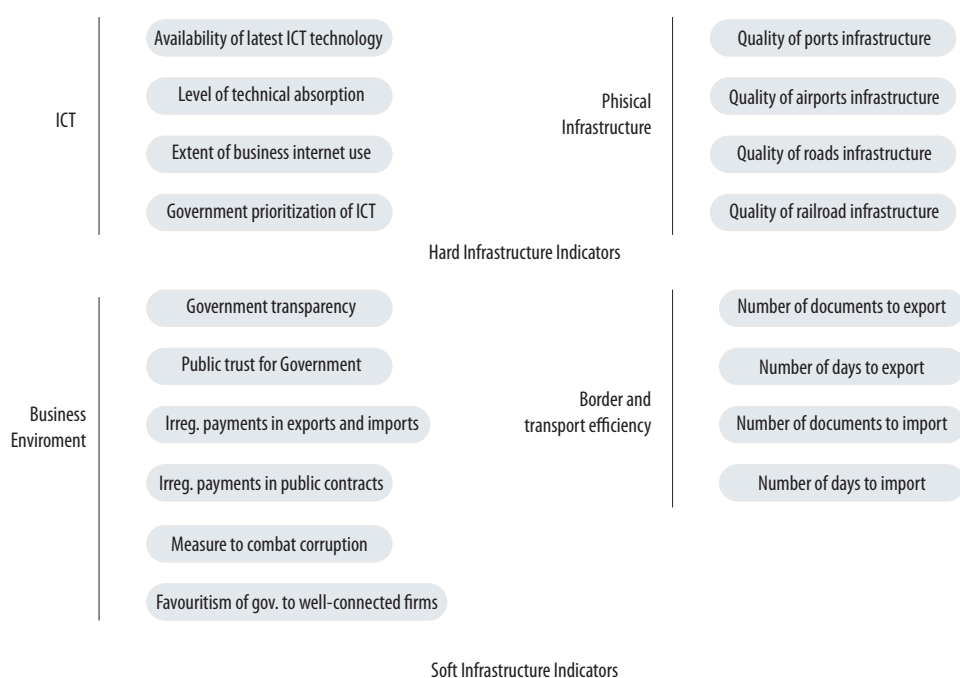
ports and imports. As mentioned earlier, trade facilitation measures on their own will not necessarily lead to a rapid increase in exports unless they are accompanied by policies that boost the exporting capabilities of firms. Nonetheless, as the empirical evidence discussed in the previous section shows, trade facilitation measures do lead to some increase in exports. Firm-level evidence suggests a similar impact (Shepherd, 2013). Those additional exports will be from firms that are currently exporting, and also from firms that do not export at the moment. Trade facilitation should lead to expansion in the exports of both groups, but the degree of increase could differ. For instance, bureaucratic barriers to trade could be more costly to small and medium-sized enterprises than to large firms, owing to their economies of scale. In such cases, reducing the cost of export procedures is likely to lead to an increase in the number of small and medium-sized enterprises that do export. This could have an important impact on employment, in particular in developing economies, in which such enterprises form a sizeable part of the economy. Examining the impact on trade facilitation on firms, Li and Wilson (2009) found that, in the case of Asia, improvement in trade facilitation indicators increase the probability that small and medium-sized enterprises will export and the export propensity of those enter-

prises. Similar evidence is found from analysing firm level data from Africa (Hoekstra, 2013). Exposure to global markets through exports is associated with higher wages and generation of more jobs (Wagner, 2012). Through this effect, trade facilitation is likely to lead to positive impacts on wages and employments in small and medium-sized enterprises, as a result of increased ability to export to foreign markets.

The increase in exports is, however, only one of the effects of trade facilitation. Another impact of trade facilitation is increased imports. As mentioned earlier, this increase was one of the concerns that many developing countries expressed in the debates around including trade facilitation in the international trade regime. In contrast to the way an increase in exports could lead to an increase in employment and wages, increased imports could lead to more competition for domestic firms, including small and medium-sized enterprises.

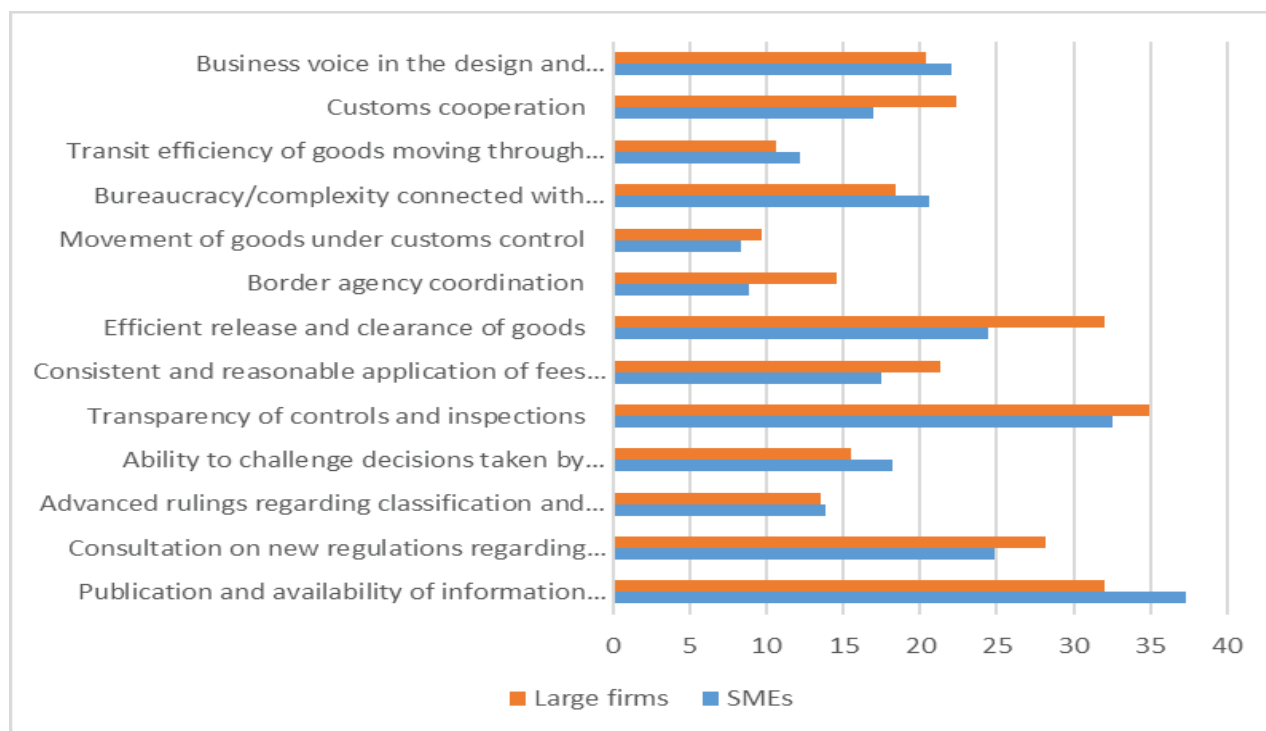
While the above analysis is still important, it is, however, necessary to analyse the link between imports and exports rather than the impact on each separately. With the expansion of trade through global value chains, this link has become more complicated in today's economy. Increasingly, with the grow-

Figure 2: Hard versus soft trade facilitation measures



Source: Portugal-Perez and Wilson, 2012.

Figure 3: What are the three factors related to border procedures in which you would most value improvements? (in percentages)*



Source: ITC Monitoring Survey (2015).

* The chart is based on 418 small and medium-sized enterprises and 103 large firms, with small and medium-sized enterprises defined as firms with fewer than 250 employees.

ing importance of global value chains, the ability to import and the ability to export is interlinked, as imported inputs become an important part of exports. This is especially the case in some labour-intensive sectors where the ability to import some of the technologically advanced components is a key part of the ability to attract labour-intensive manufacturing and assembly activities. Examining 15 economic sectors in 10 regions (including five developing regions in Africa and Asia), Kowalski and others (2015) find a positive relationship between higher shares of intermediate products in imports and global export competitiveness. As such, for some developing countries that are seeking to achieve export diversification and participation in manufacturing global value chains, trade facilitation measures on both imports and exports can be important.

It is also important to distinguish between different types of trade facilitation measures in terms of their impact on trade and, subsequently, on employment and wages. Differences in the resources

needed to implement hard or soft measures are important to consider. Overall, trade facilitation measures can be divided into soft measures and hard measures. Hard measures focus on infrastructure issues such as improvement to roads, railroads and ports infrastructure, while soft measures focus on issues such as simplification of procedures and transparency. Hard measures generally tend to be more expensive in term of investments and lengthier in terms of implementation, while soft measures tend to be less expensive and speedier.

In this context, it is important to determine which measures are more useful for promoting exports by, first, developing countries; and, second, firms in those countries that contribute to wider social benefits in terms of inclusive development. While evidence on these questions is not yet conclusive, some studies have attempted to measure the impact of different trade facilitation policies by income and by firm size. Focusing on soft trade facilitation, Moïse and Sorescu (2013) constructed 16 trade facilitation indicators and measured the im-

pact of policies in each area.¹ Their results showed that the policy areas that have the greatest impact on trade volumes and trade costs (for imports and exports) are the availability of trade-related information, the simplification and harmonization of documents, the streamlining of procedures and the use of automated processes.

In relation to firms, Li and Wilson (2009) found that, for Asian firms, increasing policy predictability and enhancing information technology services are the most effective measures by which small and medium-sized enterprises can increase trade and that small and medium-sized enterprises are less responsive to improvement in transportation in-

frastructure than large enterprises. A number of surveys have attempted to analyse the importance of different trade facilitation measures to small and medium-sized enterprises. In a survey by the International Trade Centre (ITC) of firms in developing countries, factors such as access to information and voice in the design and implementation of these procedures were highlighted by small and medium-sized enterprises. Some measures could also punish such enterprises. For instance, calculating fees and charges in relation to the service rendered will increase the cost for small and medium-sized enterprises, while calculating fees and charges in relation to the size of the transaction will lower these costs.

¹ These indicators are: information availability; involvement of the trade community; advance rulings; appeal procedures; fees and charges; formalities – documents; formalities and automation; formalities and procedures; cooperation – internal; cooperation – external; consularization; governance and Impartiality; transit fees and charges; transit formalities; transit guarantees; and transit agreements and cooperation.

III. Trade facilitation in the international trade regime

A. Background`

While trade facilitation is increasingly a core part of the international trade regime, many of the issues addressed within the scope of trade facilitation have been previously discussed in other international forums and remain important foci of other international bodies. These forums include organizations such as the World Customs Organization (WCO), the Organization for Economic Cooperation and Development (OECD), the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), the United Nations Conference on Trade and Development (UNCTAD), and the World Bank. Over a long period of time, these organizations have produced a number of reports, studies,

recommendations, and best practices related to different aspects of trade facilitation. Examples of some of their reports are listed in table 1.

Increasingly, however, trade facilitation is becoming an important part of the trade regime. This growing integration of trade facilitation into the trade regime has been translated into the signing and ongoing implementation of the Trade Facilitation Agreement at WTO and the growing incorporation of trade facilitation measures in regional and bilateral trade agreements. In terms of provisions, table 2 provides an overview of the different trade facilitation measures that are being incorporated into trade agreements.

Table 1: Trade facilitation programmes by a number of international organizations

Organization	Trade facilitation initiatives
WTO	Trade Facilitation Agreement
WCO	International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention); Harmonized Commodity Description and Coding System; Authorized Economic Operator programme; WCO SAFE Framework of Standards
OECD	Trade facilitation indicators
UN/CEFACT	Trade facilitation recommendations
UNCTAD	Automated System for Customs Data (ASYCUDA); training material; technical assistance
World Bank	Trade Facilitation Support Programme; Logistics Performance Index; Trade and Transport Facilitation Audit

Source: Author's compilation.

Table 2: Trade facilitation measures in trade agreements

Area	Trade facilitation measures
Transparency and predictability	Publication of laws and regulations
	Internet publication (option or mandatory)
	Internet publication (mandatory)
	Enquiry points
	Cooperation or consultation with the business community
	Prior publication
	Prior consultation
	Advance ruling (origin of goods, tariff classification, custom valuation, etc.)
	Appeal procedures
	Administrative appeal procedures
Disciplines on fees and charges	Uniform, impartial and transparent customs procedures
	Elimination or a limitation of a fee or charge
	Prohibition of consular transaction requirement
	Administrative penalties
	Pre-arrival processing
	Separation of release from final duty payment

Area	Trade facilitation measures
Release and clearance of goods	Release of goods at arrival points without transfer to other facilities
	Risk management
	Post-clearance audit
	Release of goods within 48 hours of arrival
	Authorized economic operators
	Separate expedited procedures for express shipments
	Simplified customs procedures
	Periodical review of customs procedures
	Use of international standards for customs procedures
	Use of information technology
Formalities and documentation requirements	Use of international standards for information technology application
	Use of WCO data model
	Single window
	Prohibition of pre-shipment inspection
	Prohibition of mandatory use of customs brokers
	Freedom of transit
	Facilitation of transit procedures
Transit and temporary admission	Temporary admission
	Notification of customs laws and regulations, or their changes
	Sharing of information on best practices or customs techniques
Customs and border agency cooperation	exchange of information for customs mutual administrative assistance
	Technical assistance and capacity-building
	Cooperation for regional integration
	Cooperation in international forums
	Border agency cooperation

Source: Yasui (2014).

While those provisions vary between different agreements, the Trade Facilitation Agreement, with its multilateral nature, has emerged as an important focal point for trade facilitation in international trade agreements. A more detailed review of the Trade Facilitation Agreement is provided below, before an examination of trade facilitation in regional and bilateral trade agreements.

B. Trade Facilitation Agreement of the World Trade Organization

Following long debates and negotiations that began in the mid-1990s, the Trade Facilitation Agreement was signed at WTO in 2013. The Trade Facilitation Agreement focuses on a number of areas, as may be seen in box 1.

C. Implementation of the Trade Facilitation Agreement

The Trade Facilitation Agreement set out different implementation timelines for different countries. Developed countries committed themselves to fully implementing the Agreement upon entry (2017)

while developing countries and least developed were offered more time or capacity-building support or both to implement different measures in the Agreement. In order to receive this extension or support, member States had to divide the different measures in the Agreement into one of three categories:

- Category A: measures that will be implemented in 2017 (or 2018 for least developed countries)
- Category B: measures where additional time is needed for implementation
- Category C: measures where the member needs additional time and capacity-building support to implement

According to WTO, by July 2019, the overall rate of implementation stood at 62.5 per cent, with an implementation rate of 100 per cent for developed countries, 62.4 per cent for developing countries, and 25 per cent for least developed countries.

Trade facilitation in regional and bilateral trade agreements

Box 1: Areas covered by the Trade Facilitation Agreement

Release and clearance of goods

A number of provisions focus on facilitating the movement of goods across borders. Such provisions include:

- Members to adopt procedures that allow for the submission of import documentation, manifests, and other required information for processing prior to the arrival of goods
- Members to enable the submission of documents in electronic format for pre-arrival processing
- Members to enable electronic payment for duties, taxes, fees, and other charges
- Members to adopt, with certain conditions, procedures allowing the release of goods prior to the final determination of customs duties, taxes, fees, and charges
- Members encouraged to publish their average release time of goods periodically and consistently
- Members to adopt procedures that allow for the expedited release of goods entered through air cargo facilities
- Members to adopt procedures to allow for the rerelease of perishable goods within the shortest possible time
- Members to provide additional trade facilitation measures to operators that meet specified criteria (authorized operators)

Availability of information on rules and procedures

Providing better clarity and predictability of border crossings, some provisions focus on publishing and sharing information on border and custom procedures. These provisions include:

- Members to publish information in a non-discriminatory and easily accessible manner on different issues such as:
 - Procedures for import, export and transit (including port, airport, and other entry-point procedures)
 - Applied rates of duties and taxes connected to import or export
 - Rules for the classification or valuation of products for customs purposes
 - Laws, regulations, and administrative rulings related to rules of origin
 - Import, export or transit restrictions or prohibitions
 - Procedures for appeal or review, among others
- Members to provide information through the internet on their procedures for import, export, transit, and appeal, and to make available the forms and documents required for import, export and transit
- Members to establish or maintain enquiry points to answer enquiries of governments, traders and other parties

Automation and e-services

The Trade Facilitation Agreement includes provisions that require members to provide electronic means of processing border procedures. Such means include:

- Accepting e-payments
- Providing online access to documents and forms
- Accepting electronic submission of documents when possible
- Providing access to information through the internet

Disciplines for fees and penalties

The Trade Facilitation Agreement includes a number of provisions that aim to address how fees and penalties are imposed. These provisions include:

- Members to publish information on fees and charges and to allow adequate time between amending fees or introducing new fees and their entry into force and members to review their fees with a view to reducing the number of fees imposed
- Fees and charges for customs processing to be limited in amount to the approximate cost of the services rendered on or in connection with the specific import or export operation in question
- Measures to discipline the penalties imposed for breaches of customs laws, regulations, and procedures

Harmonized processes and standards

The Trade Facilitation Agreement includes a number of measures that aim to help in harmonizing processes across member States in order to minimize transaction costs and improve predictability. Some of these measures are:

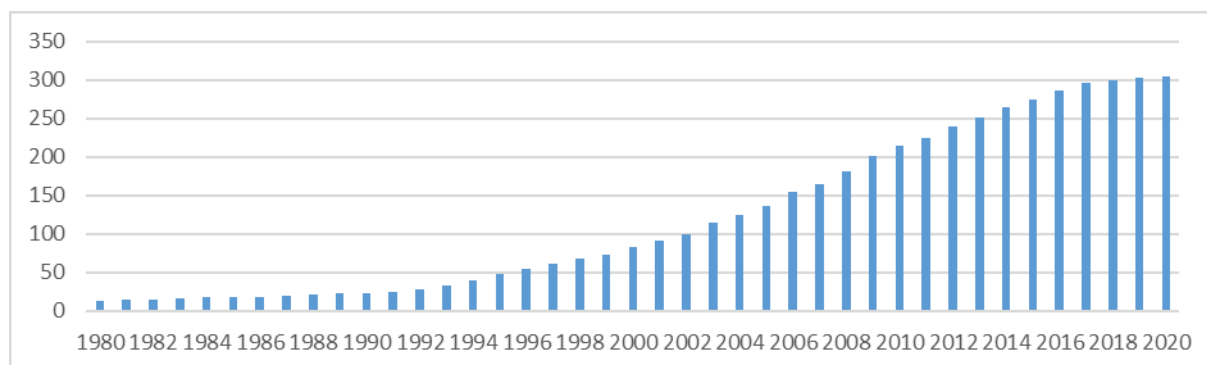
- Cooperation between border agencies and customs in neighbouring member States on issues such as working days and hours, alignment of procedures, sharing of facilities, and the establishment of joint controls
- Encouraging member States to adopt international standards for import, export and transit procedures
- Members to work to establish a single window where documentation and other requirements related to export, import, and transit will be processed
- Measures to improve movement of goods in transit

Consultations and appeals

The Trade Facilitation Agreement includes provisions that provide opportunities for consultation on proposed rules that affect the movement of goods. The Agreement also commits members to providing right of appeal on custom decisions.

Source: WTO 2017.

Figure 4: Cumulative number of regional and bilateral trade agreements in force



Source: WTO regional trade agreements database, 2020.

The importance of regional and bilateral trade agreements has increased substantially in recent years. In addition to the rapid growth in the number of agreements, the depth of the agreements has expanded with more issues being addressed and included in related treaties. As a result, regional and bilateral agreements are increasingly important frameworks for the regulation of flows of goods, services, capital and intellectual property, and as a mechanism to promote regulatory harmonization between States.

Trade facilitation is part of this landscape, with more regional and bilateral agreements including related measures. While regional and bilateral trade agreements are discriminatory in nature, one of the characteristics of trade facilitation measures is that they are generally applicable to all trading partners, not only those which are members of the regional and bilateral agreement (UNCTAD, 2011). Examples of some of the measures that could benefit all trade partners include transparency and information-sharing provisions, the adoption of international standards, and the adoption of paperless trading (ibid.). Despite the growing adoption of trade facilitation in regional and bilateral agreements, there remains little consistency in how trade facilitation is defined and in what is considered to be trade facilitation in those agreements. Some agreements, for instance, consider issues such as technical barriers to trade as part of trade facilitation, while other agreements do not (WTO, 2014). Notwithstanding those inconsistencies, the depth and complexity of trade facilitation provisions in

regional and bilateral trade agreements have increased in recent years (ibid.).

Overall, trade facilitation chapters in regional and bilateral agreements follow the model of the Trade Facilitation Agreement. The European Union and the United States were among the early adopters of trade facilitation in their regional and bilateral trade agreements initially in the context of customs cooperation and increasingly in dedicated chapters on customs and trade facilitation.

Where the European Union is concerned, little attention was given to issues related to trade facilitation in early European free trade agreements with partners in the global South. Over the last decade, however, trade facilitation began to be included in a systemic way in European trade agreements with developing countries. In earlier agreements, trade facilitation provisions may often be found under articles or chapters on customs. Article 55 of the Association Agreement between the European Union and Egypt for instance, in force since 2004, calls for custom cooperation between the two partners in order to simplify the controls and procedures concerning the customs clearance of goods and to introduce a single administrative document and a system to link up transit arrangements between the European Union and Egypt. In recent agreements (such as those recently signed with Mexico, Viet Nam and MERCOSUR²), trade facilitation provisions are listed in specific chapters on customs and trade facilitation. Generally speaking and notwithstanding some differences, those chapters follow the framework of the Trade Facilitation Agree-

² See table 3 for a summary of the trade facilitation provisions in the European Union-MERCOSUR trade agreement.

Table 3: Examples of trade facilitation provisions in the European Union-MERCOSUR trade agreement

Area	Provisions
Transparency and predictability	<p>Consultations to be held with trade representatives on legislative proposals and general procedures related to customs and trade issues</p> <p>Publication in easily accessible manner, and through electronic means, of new legislation and general procedures related to customs and trade facilitation</p> <p>One or more enquiry points to be maintained</p> <p>Mutual recognition to be assured of trade partnership programmes and customs controls, including equivalent trade facilitation measures</p> <p>Joint work to be conducted to further reduce release times and to release goods without undue delay, in particular perishable goods</p> <p>Parties to issue an advance ruling that sets forth the treatment to be provided to the goods concerned (tariff classification and the origin of the good)</p> <p>Electronic access to be provided to documents, payments, and processing</p>
Disciplines on fees and charges	<p>Penalties imposed for breaches of customs regulations or procedural requirements to be proportionate and non-discriminatory</p> <p>When a penalty is imposed, an explanation in writing to be provided to the person(s) upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been prescribed</p>
Release and clearance of goods	<p>Goods to be released within a period no greater than that required to ensure compliance with customs and other laws and formalities and efforts to be made to further reduce release times</p> <p>Advance electronic submission and processing of documentation to be carried out prior to the arrival of the goods</p> <p>Goods to be released prior to the final determination of customs duties, taxes, fees and charges provided that all other regulatory requirements have been met</p> <p>Priority to be given to perishable goods when scheduling and performing any examinations and provide for the clearance of perishable goods outside the business hours of customs</p>
Formalities and documentation requirements	<p>Trade facilitation partnership programme to be provided for authorized economic operators</p> <p>Post-clearance audits to be conducted</p> <p>Single window to be established</p> <p>Use of customs brokers not to be made mandatory</p>
Transit and temporary admission	<p>Temporary admission to be permitted with relief from duties and taxes and without application of economic import restrictions for certain goods, such as goods for use at exhibitions, fairs, and events, goods for humanitarian purposes, goods in connection with a commercial operation but whose importation does not in itself constitute a commercial operation, goods imported in connection with a manufacturing operation (such as plates, drawings, moulds, plans and models, for use during a manufacturing process), or as replacement of a means of production</p> <p>Freedom of transit to be ensured through their territories via the route most convenient for transit</p> <p>Bonded transport regimes to be operated that allow the transit of goods without payment of customs duties or other charges subject to the provision of an appropriate guarantee</p>
Customs and border agency cooperation	<p>Information to be exchanged on customs and trade legislation including simplification and modernization of customs procedures, enforcement of intellectual property rights by customs, international instruments and standards applicable in the area of customs, free circulation of goods and regional integration, facilitation of transit movements and transshipment, relations with the business community, and supply chain security and risk management</p>

Source: Author's compilation, based on the text of the agreement.

ment in terms of coverage and depth, with a focus on customs cooperation and information-sharing, movement of goods and harmonization.

Some of the early free trade agreements signed by the European Union which did not include trade facilitation measures are being revised through the process of deep and comprehensive free trade agreements. The agreements of this new generation include provisions related to customs and trade facilitation. As few North African countries have been part of the deep and comprehensive free trade agreement agenda, this issue will be discussed in more detail in chapter 5 below.

In many of its new free trade agreements, the United States also includes chapters on customs administration or customs administration and trade facilitation that address trade facilitation. As with the European Union, those chapters follow the overall framework of the Trade Facilitation Agreement, although in some area the United States agreements include more specific commitments than those in the Trade Facilitation Agreement or the European Union agreements (for instance, specifying the release of goods within 48 hours of arrival).

In recent years, while the European Union maintained the policy of signing bilateral trade agreements, the United States shifted its focus towards regional agreements, with the Trans-Pacific Partnership being the flagship output of this shift.³ Chapter 5 of the Trans-Pacific Partnership addresses the issue of customs administration and trade facilitation. While most of the chapter follows the previous model in terms of commitments, there are some new features. The text of the Partnership includes, for instance, stronger disciplines on the imposition of custom penalties and commits members to cooperating on issues such as duty evasion and smuggling.

The recently signed United States-Canada-Mexico Free Trade Agreement includes a substantive chapter on customs administration and trade facilitation. In its 24 pages (compared to the 10 pages of the corresponding chapter in the Trans-Pacific Partnership), the Agreement goes into more detail in some of the areas covered than either the

Trade Facilitation Agreement or the Trans-Pacific Partnership. There are, however, some important differences. Some of the language used in the United States-Canada-Mexico Free Trade Agreement is more binding than that in the Trade Facilitation Agreement. With regard to the establishment of a single window, for example, the Trade Facilitation Agreement states that “members shall endeavour to establish” a single window and suggests the use of information technology in this window. The United States-Canada-Mexico Free Trade Agreement, however, requires parties to establish such a window and to use information technology in its operations. Similarly, the United States-Canada-Mexico Free Trade Agreement enjoins parties to employ information technology across all processes to increase efficiency, a requirement that differs from the Trans-Pacific Partnership, where parties commit themselves to working towards that objective (“shall” instead of “shall endeavour to”) (Spak et al. 2018).

Differences may also be seen in the provisions regarding enquiry points. While both the Trade Facilitation Agreement and the United States-Canada-Mexico Free Trade Agreement mandate that members establish at least one enquiry point, the Trade Facilitation Agreement states that members are “encouraged not to require the payment of a fee for answering enquiries and providing required forms and documents” while the United States-Canada-Mexico Free Trade Agreement commits members not to impose such fees. Another example is advance rulings. While the Trade Facilitation Agreement requires members to issue advance rulings on the tariff classification of a good and the origin of that good, it only encourages members to issue advance rulings in other areas such as whether a good is subject any quota requirements. For its part, however, the United States-Canada-Mexico Free Trade Agreement replaces that encouragement to member States to issue advance rulings in a number of other areas with a binding obligation.

In addition to the trade agendas driven by the advanced economies, trade facilitation is increasingly being incorporated into what could be labelled South-South free trade agreements. The recently adopted Agreement Establishing the African Con-

³ The United States subsequently withdrew from the Trans-Pacific Partnership, which is now being ratified by the other members.

Table 4: Examples of trade facilitation provisions in the Agreement Establishing the African Continental Free Trade Area

Area	Provisions
Transparency and predictability	Parties to publish rules, regulations, and procedures relevant to customs and trade in an easily accessible manner
	Parties to maintain one or more enquiry points
	Parties to issue an advance ruling that sets forth the treatment to be provided to the goods concerned (tariff classification and the origin of the good) and encouraged to issue advance rulings in other areas
	Parties encouraged to measure and publish their average release time of goods periodically and in a consistent manner
	Parties to apply uniform import, export, and transit procedures and uniform documentation requirements for the release of goods throughout their territory
Disciplines on fees and charges	Parties periodically to review and ensure that import, export, and transit procedures and documentation requirements are adopted and applied with a view to prompt release of goods and adopted and applied in a manner that reduces the time and cost of compliance with such procedures
	Parties to adopt procedures allowing the option of electronic payment for duties, taxes, fees, and charges incurred upon importation and exportation
	Parties to ensure that fees and charges other than customs duties shall be limited in amount to the approximate cost of services rendered and not represent an indirect protection for domestic goods or a taxation of imports, exports or goods in transit for fiscal purposes
Disciplines on fees and charges	Parties to publish a list of fees and charges and no fees or charges to be applied until information on them has been published
	Parties to adopt procedures allowing for the submission of import documentation and other required information including manifests in order to begin processing prior to the arrival of goods
Release and clearance of goods	Parties to provide for advance lodging of documents in electronic format for pre-arrival processing
	Parties to adopt procedures allowing the release of goods prior to the final determination of customs duties, taxes, fees and charges
	Parties to adopt a risk management system for custom control
	Parties to adopt post-clearance audit
	Parties to provide additional operators of trade facilitation measures who meet specified criteria (authorized operators)
	Parties to adopt procedures allowing for the expedited release of at least those goods entered through air cargo facilities to persons who apply for such treatment
	Parties to provide for the release of perishable goods within the shortest possible time and, in exceptional circumstances, outside the business hours of customs
	Parties to endeavour to use international standards and elements for import, export and transit data maintenance
	Parties to endeavour to establish and maintain a single window
	Parties to accept paper or electronic copies of documents required for the import, export or transit of goods through their territory
Formalities and documentation requirements	From the entry into force of this Agreement, parties to be barred from introducing the mandatory use of customs brokers
	Parties encouraged to ensure that their customs authorities use internationally accepted standards, in particular those adopted by WCO; to develop or adopt interconnectivity of computerized customs clearance and information systems in collaboration with stakeholders; and to facilitate the exchange of data with stakeholders
Transit and temporary admission	Parties to ensure freedom of transit through their territories

<p>Customs and border agency cooperation</p>	<p>Parties to cooperate on mutually agreed terms with parties with whom they share a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade, including alignment of working days and hours, alignment of procedures and formalities, development and sharing of common facilities, joint controls, and establishment of one-stop border post control</p>
	<p>Parties to exchange information on matters relating to customs, in particular on changes in customs law or any other relevant domestic legislation, procedures and duties and commodities subject to import or export restrictions, information relating to the prevention, investigation and suppression of customs offences, and information required to implement and administer customs laws and regulations</p>

Source: Author's compilation, based on the text of the agreement.

tinental Free Trade Area includes a number of trade facilitation provisions. While the provisions within the text of the agreement are limited, more detailed clauses are included in its annexes (annex 3 on customs cooperation, annex 4 on trade facilitation and annex 5 on non-tariff barriers). Table 4 provides a summary of these provisions.

In addition to these agreements, members in regional blocs are also coordinating their efforts through joint strategies in the area of trade facilitation. The following chapter provides a detailed examination of the strategies and policies in two regions: the Association of Southeast Asian Nations (ASEAN) and the Common Market for Eastern and Southern Africa (COMESA).

IV. Regional blocs and trade facilitation: case studies

In addition to including trade facilitation measures in regional and bilateral trade agreements, a number of regional blocs are adopting regional initiatives in the area of trade facilitation. While often linked to trade agreements, these strategies are often separate and more focused on working together to improve regional trade facilitation than the heavily rules-based trade agreements. The present chapter considers two of these cases in depth: those of ASEAN and COMESA.

A. Trade facilitation in the Association of Southeast Asian Nations

ASEAN is a regional bloc comprising ten countries in South-East Asia.⁴ In recent years, ASEAN members have focused on promoting regional cooperation in a number of areas through working on re-

gional strategies and regional policy programmes. Trade facilitation is one area receiving growing attention from ASEAN, in order to promote the region's position in global value chains and to encourage regional value chains linking the different economies in ASEAN.

As a result of this focus on regional value chains, trade facilitation is seen by policymakers in the region as a key tool to boost regional value chains and the position of the region in global value chains.

According to the World Bank's Logistics Performance Index, which measures a number of key indicators relevant to trade facilitation, ASEAN countries vary substantially. Singapore is among the world's best performers in this domain, while countries such as Cambodia and Myanmar are among the lowest performers (table 5).

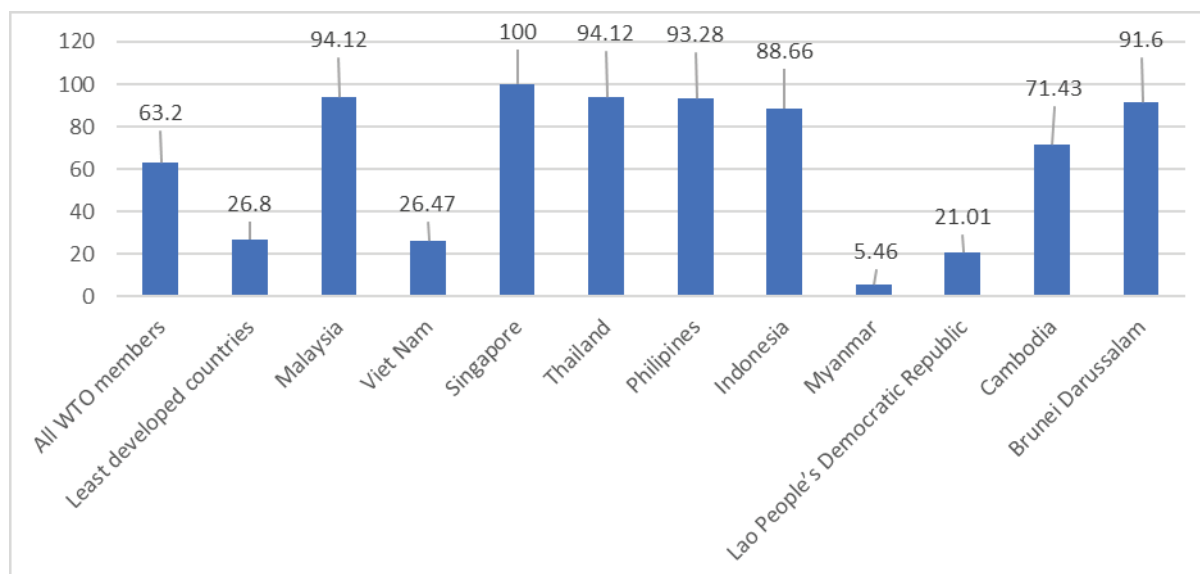
Table 5: ASEAN States in the Logistics Performance Index (ranking out of 160 countries), 2018

Country	Overall		Customs		Infrastructure		International shipments		Logistics competence		Tracking and tracing		Timeliness	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Malaysia	3.22	41	2.90	40	3.19	37	3.35	32	3.30	36	3.15	47	3.46	53
Viet Nam	3.27	39	2.95	41	3.01	47	3.16	49	3.4	33	3.45	37	3.67	40
Singapore	4	7	3.89	6	4.06	6	3.58	15	4.1	3	4.08	8	4.32	6
Thailand	3.41	32	3.6	36	3.14	41	3.46	25	3.41	32	3.47	33	3.81	28
Philippines	2.9	60	2.53	85	2.73	67	3.29	37	2.78	69	3.06	57	2.98	100
Indonesia	3.15	46	2.67	62	2.89	54	3.23	42	3.1	44	3.3	39	3.67	41
Myanmar	2.3	137	2.17	131	1.99	143	2.2	144	2.28	128	2.2	143	2.91	108
Lao PDR	2.7	82	2.61	74	2.44	91	2.72	85	2.65	83	2.91	69	2.84	117
Cambodia	2.58	98	2.37	109	2.14	130	2.79	71	2.41	111	2.52	111	3.16	84
Brunei Darussalam	2.71	80	2.62	73	2.46	89	2.51	113	2.71	77	2.75	88	3.17	80

Source: World Bank Logistics Performance Index, 2018.

⁴ Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

Figure 5: Implementation of the Trade Facilitation Agreement by ASEAN member States



Source: WTO Trade Facilitation Agreement implementation database, 2019.

A particular focus in the ASEAN region is placed on implementation of the WTO Trade Facilitation Agreement. All ten members of ASEAN have ratified the agreement and are active in implementing its measures within the region. Implementation rates are generally high, with the exception of the Lao People's Democratic Republic, Myanmar and Viet Nam.

In addition to the Trade Facilitation Agreement, a number of regional initiatives and programmes have been adopted by ASEAN. While a number of previous ASEAN agreements and strategies include policies and provisions related to trade facilitation, such as the ASEAN Economic Community Blueprint 2025 and the 2010 ASEAN Trade in Goods Agreement, the issue of trade facilitation has been consolidated in recent years in two documents: the ASEAN Trade Facilitation Framework, which was adopted in 2016, and the ASEAN Economic Community 2025 Trade Facilitation Strategic Action Plan, adopted in 2017. While the Framework outlines the main objectives in the area of trade facilitation, the Strategic Action Plan provides tangible objectives to be delivered within a certain period of time.

A. ASEAN Trade Facilitation Framework

The ASEAN Trade Facilitation Framework recognizes trade facilitation as a driver of economic development and regional integration and as an important factor in establishing ASEAN as a "sin-

gle market and production base, which is stable, prosperous, highly competitive and economically integrated, with effective facilitation for trade and investment, in which there is free flow of goods, services and investment". To achieve this vision, the ASEAN Trade Facilitation Framework includes a number of objectives:

- To achieve the competitive, efficient and seamless movement of goods within the region in order to enhance ASEAN trade and production networks, to better participate in global value chains, as well as to establish a highly integrated and cohesive economy
- To minimize the impact of non-tariff measures and achieve the elimination of non-tariff barriers, fostering an effective and responsive regional approach to efficiently address non-tariff measures, with a view to pursuing legitimate policy objectives while reducing the cost and time of doing business in ASEAN
- To further promote the active engagement of the private sector, with particular emphasis on the development and promotion of micro, small and medium-sized enterprises in the process of regional economic integration, through greater participation of the various ASEAN business associations in the appropriate forums

Table 6: Overall principles of the ASEAN Trade Facilitation Framework

Principle	Details
Transparency	Information on policies, laws, regulations, standards, procedures and other matters relating to trade in goods shall be made available to all interested parties consistently and in a timely manner, at no cost or a reasonable cost
Communications and consultations	Members to endeavour to facilitate and promote effective mechanisms for exchanges with the business and trading community, including opportunities for consultation when formulating, implementing and reviewing rules and procedures relating to trade
Simplification and efficiency	Members to simplify the rules and procedures relating to trade, by fostering good regulatory practices, in order to reduce burdensome, restrictive or unnecessary measures
Non-discrimination	Members to apply the rules and procedures relating to trade in a non-discriminatory manner and based on market principles
Consistency and predictability	Members to apply rules and procedures relating to trade in a consistent, predictable and uniform manner, so as to minimize uncertainty
Harmonization and mutual recognition	Regulations, rules and procedures affecting the acceptance of goods between members to be harmonized subject to domestic regulation on the basis of international standards and facilitated through mutual recognition, where appropriate
Modernization and use of new technology	Members to review and update the rules and procedures relating to trade, including new information and new business practices, and based on the adoption, where appropriate, of modern techniques and new technology
Due process	Access to adequate legal appeal procedures, which add greater certainty to trade transactions, to be provided by members in accordance with the applicable laws of the respective member States
Cooperation	Members to strive to work closely with the private sector in the introduction of measures conducive to trade facilitation, including by open channels of communication and cooperation between both governments and business
Private sector orientation	Members to endeavour to engage the business sector and community-based organizations even more effectively, both in terms of providing easier access to official information on implementation and by obtaining timely feedback on policies or measures being proposed, in particular when they have a trade facilitation goal

Source: Compiled by the author based on the text of the ASEAN Trade Facilitation Framework.

- To address the development gaps between and within member States and the need to facilitate the increasing participation of all members, especially least developed States, in the process of implementation of ASEAN trade facilitation programmes
- To enhance the institutional coordination among the relevant sectoral bodies of ASEAN, in order to effectively implement the trade facilitation measures within their respective purview consistently with their sectoral workplans for 2016–2025 and the ASEAN Blueprint 2025
- To improve the monitoring mechanism for the implementation of trade facilitation measures, with a view to increasing their effectiveness and responsiveness in improving the competitiveness of ASEAN industries and businesses, in particular micro, small and medium-sized enterprises
- To encourage the implementation of trade facilitation measures, which have been accepted by international institutions such as WTO and WCO, and in the light of other relevant best practices

In pursuit of these objectives, the ASEAN Trade Facilitation Framework adopts a number of principles that are summarized in table 6.

In order to guide the implementation process, the ASEAN Trade Facilitation Framework sets out a number of institutional policies. It revives the ASEAN Trade Facilitation Joint Consultative Committee and mandates it with developing a strategic action plan for trade facilitation and with drafting and updating the ASEAN work programme on trade facilitation, in addition to directing and coordinating the trade facilitation activities of all relevant ASEAN bodies, with the objective of achieving a 10 per cent reduction in trade transaction costs by 2020. The ASEAN Trade Facilitation Joint Consultative

Committee is also responsible for engaging the private sector and addressing any specific issues proposed by private sector representatives that require trade facilitation actions. The Committee consists of senior-level representatives designated by member States. It is chaired by the chair of the Senior Economic Officials Meeting and shall meet at least twice a year. Representatives from the private sector may be invited to attend dedicated sessions of the Committee in order to discuss general issues of trade facilitation.

B. 2025 Trade facilitation strategic action plan

In 2017, the 2025 trade facilitation strategic action plan was adopted at the thirty-first ASEAN Free Trade Area Council Meeting of the ASEAN Economic Ministers Meeting. The action plan includes three main goals:

- 10 per cent reduction in trade transactions costs in the ASEAN Economic Community by 2020
- Doubling of intra-ASEAN trade between 2017 and 2025
- Improved performance in global rankings and surveys, such as the World Economic Forum's global competitiveness report and the World Bank's ease of doing business index

To achieve these goals, the action plan lists seven main strategic objectives with specific actions for each objective. For each action, the strategic action plan lists the outputs, outcomes, outcome indicators, timeline and the body responsible for implementation. The objectives and some of the action points are summarized below.

- *Strategic objective: Encourage the accelerated implementation of trade facilitation measures which have been accepted by international institutions such as WTO and WCO*

A number of actions are listed in the plan in order to achieve this objective. These include the full implementation by member States of the Category A commitment in the WTO Trade Facilitation Agreement and the accelerated implementation of

the Category B and Category C commitments. The objective is also achieved through the better sharing of best practices on trade facilitation between member States through an annual compendium of ASEAN trade facilitation best practices.

- *Strategic objective: Achieve competitive, efficient, and seamless movement of goods within the region in order to enhance the ASEAN trade and production networks and better participate in global value chains*

Five actions are adopted to achieve this strategic objective. The actions focus on issues such as the implementation of automated risk management systems, the introduction of the authorized operators schemes, the conduct of time-release studies, and the harmonization of technical requirements and simplified administrative procedures.

- *Strategic objective: Effective and responsive regional approach to efficiently addressing the trade-distorting effect of non-tariff measures*

Eight actions are adopted within this strategic objective. The actions include updating the ASEAN database on non-tariff measures, allowing cross-notification of such measures (members notifying each other of new non-tariff measures), developing tools to allow the private sector to report a non-tariff measure, and strengthening national trade facilitation coordinating committees by assigning to them regulatory oversight functions that are needed to review existing non-tariff measures.

- *Strategic objective: Actively engage the private sector, with particular emphasis on micro, small and medium-sized enterprises*

This objective focuses on strengthening the engagement of the private sector, in particular micro, small and medium-sized enterprises, in trade facilitation issues with outcome indicators such as the number of consultations with the private sector, in particular micro, small and medium-sized enterprises, and the number of recommendations or proposals by the private sector that have been addressed.

- *Strategic objective: Enhance institutional coordination among the relevant sectoral bodies*

of ASEAN, in order to effectively implement the trade facilitation measures under their respective purview

The actions include the adoption of guidelines on institutional coordination and the active participation of sectoral bodies leading to the joint undertaking of trade facilitation measures with those bodies.

- *Strategic objective: Work towards increasing the participation of all member States, in particular the least developed members, in the process of implementation of ASEAN trade facilitation programmes*

The actions include providing technical assistance to member States, in particular least developed members, including trade facilitation training.

- *Strategic objective: Improve the monitoring mechanism for the implementation of trade facilitation measures*

The actions include a biennial survey on trade facilitation using the ASEAN Seamless Trade Facilitation Indicators.⁵

C. Customs cooperation in ASEAN

Customs cooperation is an area that has received substantial attention in ASEAN. A number of joint projects have been developed in the context of different agreements and frameworks. One of these, the ASEAN Customs Transit System, was developed in the context of the ASEAN Framework Agreement on the Facilitation of Goods in Transit, which was signed in 1998. The Custom Transit System aims to facilitate movement within ASEAN and limit the cost and time of the movement of goods. Traders (importers, exporters, custom agents, transporters and others) can register with the Custom Transit System in different member States. The system includes such benefits as the following:

- A single electronic goods declaration from departure through transit to destination

- A single guarantee valid for the entire journey
- Full end-to-end computerization of operations
- Proven operators authorized to use simplified procedures
- Complete customs-to-customs and customs-to-business network
- Free movement for permitted trucks and drivers

Another important project, the ASEAN Single Window, aims to connect the national single windows of each member State in order to achieve faster clearance of cargo and release of shipments through the single submission and processing of data and a single point of approval for the clearance of cargo. The issue of the classification of goods and the harmonization of tariff nomenclatures is another arena where work is taking place in the region through the ASEAN Technical Sub-Working Group on Classification and the ASEAN Harmonized Tariff Nomenclature.

D. Trade facilitation in the Common Market for Eastern and Southern Africa

COMESA consists of 21 countries in Southern and Eastern Africa.⁶ Considering that a number of COMESA members are landlocked countries and that the border and transport infrastructure in some countries in the region is relatively poor, trade facilitation was seen as important part of any initiative to achieve higher levels of regional integration.

Overall, COMESA countries vary in terms of their performances on indicators related to customs, infrastructure and overall logistics performance. While some countries in COMESA have long coastlines with access to important shipping routes, others are landlocked and rely on access through neighbouring countries to trade with global markets. Furthermore, some regions within COMESA

⁵ The indicators, which were adopted in 2017 and designed to measure and monitor the implementation of trade facilitation measures in ASEAN, comprise the following components: transparency and information on laws, regulations, and procedures; engagement with the private sector; release and clearance formalities; export and import formalities; transit facilitation; transport facilitation; and e-commerce.

⁶ Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tunisia, Uganda, Zambia and Zimbabwe.

Table 7: COMESA States in the Logistics Performance Index (ranking out of 160 countries), 2018

Country	Overall		Customs		Infrastructure		Intl. shipments		Logistics competence		Tracking and tracing		Timeliness	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Burundi	2.06	158	1.69	159	1.95	146	2.21	139	2.33	117	2.01	156	2.17	158
Comoros	2.56	107	2.62	72	2.25	113	2.49	116	2.21	138	2.93	68	2.8	120
DR Congo	2.43	120	2.37	108	2.12	132	2.37	127	2.49	100	2.51	117	2.69	133
Djibouti	2.63	90	2.35	113	2.79	60	2.45	118	2.25	135	2.85	72	3.15	85
Egypt	2.82	67	2.6	77	2.82	58	2.79	73	2.82	63	2.72	89	3.19	74
Eritrea	2.09	155	2.13	137	1.86	152	2.09	154	2.17	146	2.17	145	2.08	159
Ethiopia (2016)	2.38	126	2.6	80	2.12	133	2.56	102	2.37	117	2.18	133	2.37	149
Kenya	2.81	63	2.65	67	2.55	79	2.62	99	2.81	64	3.07	56	3.18	79
Libya	2.11	154	1.95	149	2.25	115	1.99	159	2.05	153	1.64	160	2.77	123
Madagascar	2.39	128	2.32	118	2.16	128	2.19	146	2.33	118	2.61	102	2.73	128
Malawi	2.59	97	2.43	94	2.18	126	2.55	105	2.68	82	2.67	94	2.97	102
Mauritius	2.73	78	2.7	59	2.8	59	2.12	151	2.86	59	3	63	3	99
Rwanda	2.97	57	2.67	64	2.76	65	3.39	29	2.85	60	2.75	86	3.35	61
Seychelles	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Somalia	2.21	144	2	145	1.81	157	2.61	100	2.3	121	2.23	140	2.2	157
Sudan	2.43	121	2.14	136	2.18	125	2.58	102	2.51	96	2.51	115	2.62	139
Swaziland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tunisia	2.57	105	2.38	107	2.1	133	2.5	115	2.3	123	2.86	71	3.24	70
Uganda	2.58	102	2.61	76	2.19	124	2.76	78	2.5	99	2.41	123	2.9	110
Zambia	2.53	111	2.18	129	2.3	108	3.05	54	2.48	103	1.98	158	3.05	94
Zimbabwe	2.12	152	2	146	1.83	154	2.06	156	2.16	147	2.26	137	2.39	152

Source: World Bank Logistics Performance Index, 2018.

n.a. – not available

are disadvantaged by poor infrastructure at their border posts and also by lack of clarity and predictability of their border procedures. As a result, as may be seen from table 7, some COMESA members score very low on some of the key indicators of logistical performance. Other COMESA members, however, have focused on trade facilitation in recent years. Rwanda, for instance, has moved from 151th position in 2010 to 57th in 2018 as a result of a number of initiatives in this area, including working with UNCTAD to improve goods clearance procedures at borders.

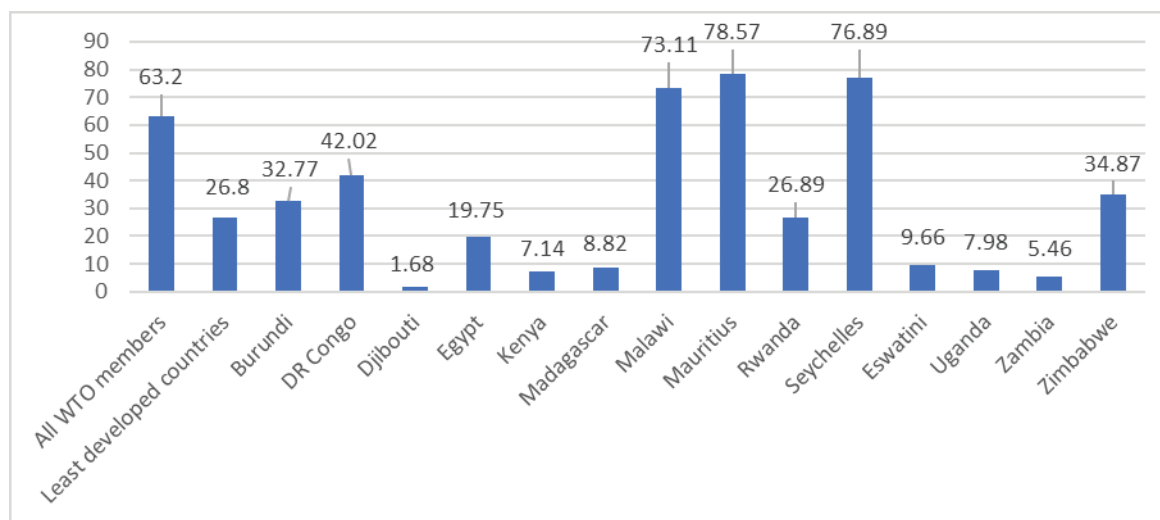
In terms of the position of the region in international trade agreements, not all COMESA members are members of WTO: Comoros, Eritrea, Ethiopia, Libya, Somalia and the Sudan have yet to join the Organization. Some members of COMESA are both members of WTO and parties to the Trade Facilitation Agreement, while the remaining members have not yet ratified the Agreement. In terms of

the implementation of the Trade Facilitation Agreement, COMESA countries vary widely in their level of implementation, which is higher than average for some countries and significantly lower for others.

Despite the high variability among its members in terms of ratification and implementation of the Trade Facilitation Agreement, COMESA has been very active in the area of trade facilitation as part of the move towards a full customs union and common market.

The Treaty Establishing the Common Market for Eastern and Southern Africa covers a number of issues related to trade facilitation. These provisions cover such issues as the removal of non-tariff barriers, the simplification and harmonization of trade documents, and customs cooperation. Overall, the provisions in the COMESA Treaty on trade facilitation do not go as deep as those in the Trade Faci-

Figure 6: Implementation of Trade Facilitation Agreement measures by COMESA member States



Source: WTO Trade Facilitation Agreement implementation database, 2019.

tation Agreement in terms of coverage. Most of the COMESA provisions focus on harmonization and transparency. Examples include:

- Members shall adopt a uniform, comprehensive and systematic tariff classification of goods with a common and specific basis of description and interpretation, in accordance with internationally accepted standards
- Members shall adopt a standard system of valuation of goods based on principles of equity, uniformity and simplicity of application, in accordance with internationally accepted standards and guidelines
- Members undertake to harmonize their customs and statistical nomenclature and standardize their foreign trade statistics to ensure comparability and reliability of the relevant information
- Members shall exchange information on matters relating to customs and, more particularly, to the following: first, changes in customs legislation, procedures, duties and commodities subject to import or export restrictions; and, second, information relating to the prevention, investigation and suppression of customs offences
- Members agree to simplify and harmonize their trade documents and procedures to facilitate trade in goods and services by reducing to a minimum the number of trade documents and copies and the number of national bodies required to handle trade documents, and harmonizing the nature of the information to be included in documents
- Members agree on common terms and conditions governing temporary admission procedures, including the list or range of goods to be covered and the nature of manufacturing or processing to be authorized

In addition to those provisions, the Protocol on Transit Trade and Transit Facilities to the COMESA Treaty sets forth a number of provisions related to trade facilitation. These include provisions that guarantee freedom of transit. For goods in transit that meet the conditions set out in the Protocol, member States undertake not to impose import or export duties and not to subject those goods to customs examinations.

Overall, the COMESA treaty is relatively light on issues of trade facilitation and does not go beyond basic provisions related to movement of goods and transit in addition to a degree of harmonization. While a number of initiatives have been launched in the framework of COMESA, often in collaboration with other partners, to tackle issues of trade fa-

cilitation, it should be noted that most of these initiatives do not cover the entire COMESA region but are confined to certain subregions or border crossings. Nonetheless, they are perceived by COMESA as initiatives that could be rolled out throughout the region in the coming years. In cooperation with member States, some of these projects are developed along certain corridors that have been identified in the region. Some prominent initiatives are outlined in the following sections.

E. COMESA Virtual Trade Facilitation System

This is an electronic trade facilitation system that monitors and simplifies the movements of goods in certain corridors within the COMESA region. It incorporates a number of other COMESA initiatives in the area of trade facilitation into a single, integrated system. The components of the system include the yellow card (a regional insurance scheme), the regional customs bond guarantee system (a customs transit regime designed to facilitate the movement of transit goods under customs seals in the COMESA region), the transit data transfer module (a procedure designed to ease the sharing of transit declarations and transit guarantee information among customs administrations along a transit route), the COMESA carrier's license (a regional license that enables commercial goods vehicles to have once license that is valid throughout the region), and the harmonized axle load and maximum vehicle dimensions.

F. COMESA Simplified Trade Regime

The Simplified Trade Regime was launched in 2010 with the objective of formalizing informal cross-border trade by establishing a number of mechanisms that help small-scale traders. For goods worth \$2,000 or less that are agreed between partners as eligible products, the regime allows the use of a simplified certificate of origin and a simplified customs document, along with simplified customs clearance procedures.

G. Great Lakes Trade Facilitation Project

This is a \$79 million joint project funded by the World Bank, with COMESA as one of the implementation partners. The project aims to facilitate

cross-border trade by reducing trade costs, in particular for small-scale and women traders at the borders of the Democratic Republic of the Congo, Rwanda and Uganda.

H. COMESA-European Union Trade Facilitation Programme

A joint programme between COMESA and the European Union on trade facilitation was launched in 2018. The programme, with a budget of 53 million euros, aims to reduce trading costs by improving border management and logistics at five pre-selected border posts: Mwami/Mchinji, between Zambia and Malawi; Galafi, between Ethiopia and Djibouti; Chirundu, between Zambia and Zimbabwe; Moyale between Ethiopia and Kenya; and Tunduma/Nakonde between the United Republic of Tanzania and Zambia.

I. Tripartite Trade and Transport Facilitation Programme

In addition to the initiatives within COMESA, the bloc has been cooperating with two other African regional blocs, the East African Community (EAC) and the Southern African Development Community (SADC) on the issue of trade facilitation by implementing the Tripartite Trade and Transport Facilitation Programme, launched in 2011. The programme focuses on a number of elements related to non-tariff barriers, customs harmonization and the upgrading of border crossings and includes, among its overall objectives, boosting trade in Eastern and Southern Africa; reducing the high costs of trading in the region; and helping the national administrations to address barriers to trade and growth and reduce transit times and transaction costs along the principal corridors in Eastern and Southern Africa through better infrastructure, faster border crossings and harmonized trade and transit regulations. To achieve these objectives, a number of policies and measures are adopted under the programme, including:

- Harmonization of customs tariff nomenclatures and statistical nomenclatures
- Harmonization of customs procedures and the use of international instruments and standards

- Development of legislation to facilitate the exchange of information between customs authorities in the region
- Adoption of coordinated border management principles at the major border crossings
- Promotion of one-stop border posts
- Establishment of a joint competition authority on air transport liberalization, to oversee the full implementation of open skies and the launching of a joint programme for the implementation of a single seamless upper airspace
- Harmonization and upgrading of customs procedures through the adoption of the single administrative customs document, a harmonized regional customs bond, the harmonization and enforcement of axle load and vehicle dimension limits, and the harmonization of commercial vehicle truck driver immigration requirements and regulations
- Launch of a non-tariff barriers monitoring, reporting and removal system

More recently, with funding from the European Union to the tune of 18 million euros, in 2017 COMESA, SADC and EAC launched the Tripartite Transport and Transit Facilitation Programme for Eastern and Southern Africa, which aims to facilitate the development of a more competitive, integrated and liberalized regional road transport market in the tripartite region, through a number of regional initiatives and capacity-building components. Similar to the focus of COMESA, regional corridors are a key component of this programme.

J. Trade facilitation in the Southern Common Market

MERCOSUR is another important regional bloc where the issue of trade facilitation has been re-

ceiving significant attention. MERCOSUR comprises four members: Argentina, Brazil, Paraguay and Uruguay. Progress in the area of trade facilitation in MERCOSUR has been generally slow with agreements on common external tariffs taking long periods to reach a conclusion. The first step towards trade facilitation in the MERCOSUR region was marked with the signing of the Recife Agreement on integrated border control measures in 1993.

This agreement, which was subsequently updated, aimed to adopt a number of measures to regulate the functioning of integrated border controls between the four member countries. Subsequent to the adoption of the agreement, cooperation between MERCOSUR countries in different areas related to trade facilitation, in particular customs and border crossings, has expanded.

By its decision 54/04 of 2004, the MERCOSUR Ministerial Council called for free circulation of goods within the bloc and the elimination of double collection of tariffs. As part of the implementation of this policy, the four countries began implementing an automated system for the exchange of information on traded goods, known as the INDIRA system, designed to identify goods that complied with the rules of origin and to curb illicit trade. Additional improvements were introduced to enable the system to implement risk-based inspections of traded goods.

Throughout this progress, Argentina and Brazil, the two key players in the region, acted as the anchor for the building of further regional integration. At the same time, countries in the region worked to identify gaps in their regional infrastructure network and developed a series of national and regional projects to address those gaps in order to promote regional integration and trade flows.

V. Trade facilitation in North Africa⁷

A. Background

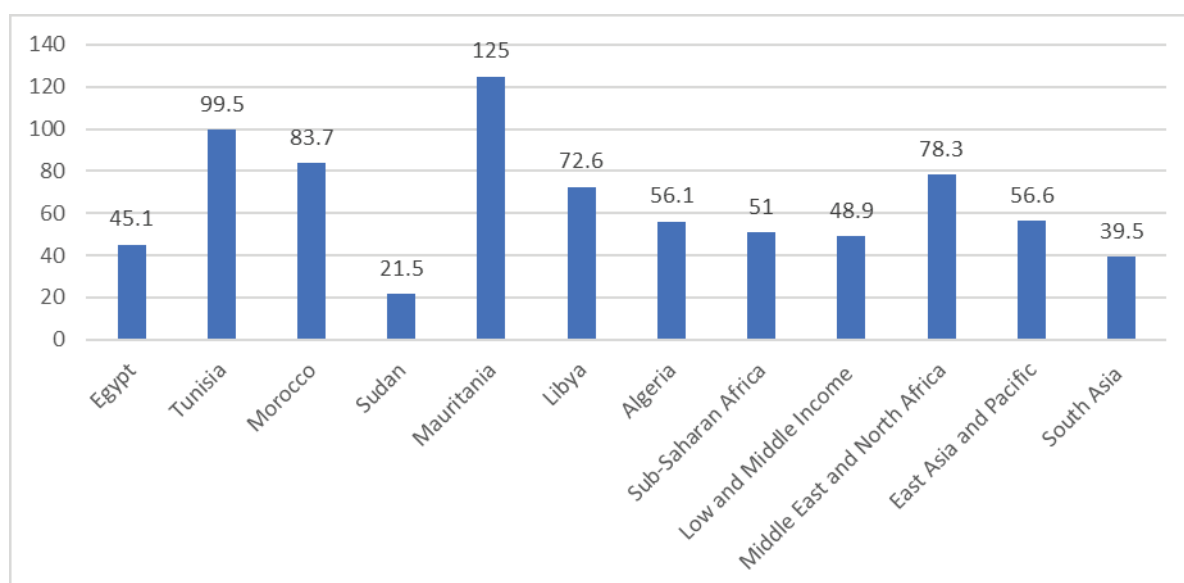
The issue of trade facilitation has been receiving growing attention in North Africa in recent years. Over the past few decades, the importance of trade in the North African economy has increased, with a number of countries in the region adopting trade liberalization policies and export-oriented development strategies that focus on attracting foreign investments and integrating in global value chains. Trade is an important element of the region's economy, with countries such as Mauritania, Morocco and Tunisia showing substantially higher levels of trade to GDP than those in other developing parts of the world. Other countries, however, such as the Sudan, are less dependent on trade in their economies.

Countries in the region vary substantially in the volume of their exports: Algeria, Egypt and Morocco are the largest exporters from the region while Mauritania and the Sudan are substantially smaller.

In addition to the wide variation between different countries in the region in the degree of openness of their economies and size of their exports, there are also important variations in the position of those economies in the world economy. Countries in the region with relatively limited natural resources have focused in recent decades on attracting investments and entering global value chains in the manufacturing sector, leading to a high share of manufactured exports in countries such as Egypt, Morocco and Tunisia. Other countries, including Algeria and Libya (for which no recent data are available) remain highly dependent on mineral resources for their exports. Countries such as Mauritania and the Sudan have a mixed export composition, with a higher share of agricultural exports than the rest of the region.

Even in the North African economies that have managed to develop the export of manufactured goods and to join global value chains, the technological sophistication of these exports remains generally weak, dominated by products in the low-to-medium technology classification. Even the relatively successful economies in the region have

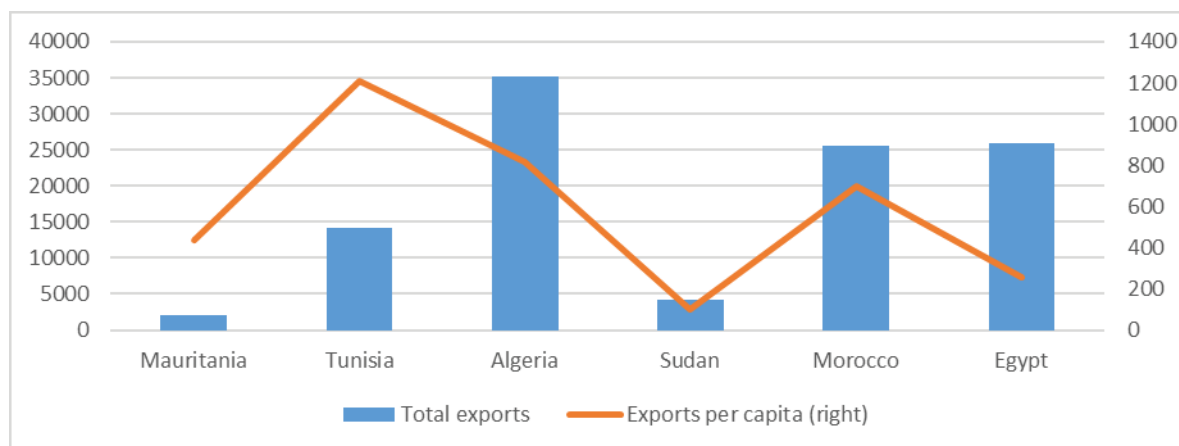
Figure 7: Trade to GDP in North Africa, 2018



Source: World Bank World Development Indicators, 2019.

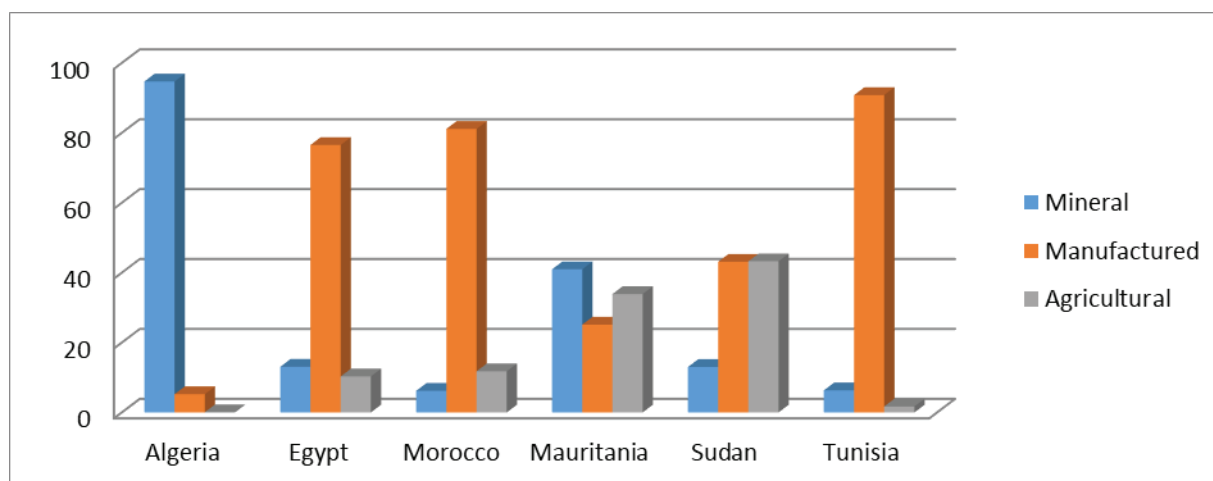
⁷ For the purposes of this report, North Africa is defined as Algeria, Egypt, Libya, Mauritania, Morocco, the Sudan and Tunisia.

Figure 8: Total exports by country, 2018 (millions of United States dollars)



Source: UN Comtrade database 2019 (access through the World Integrated Trade Solution (WITS) software).

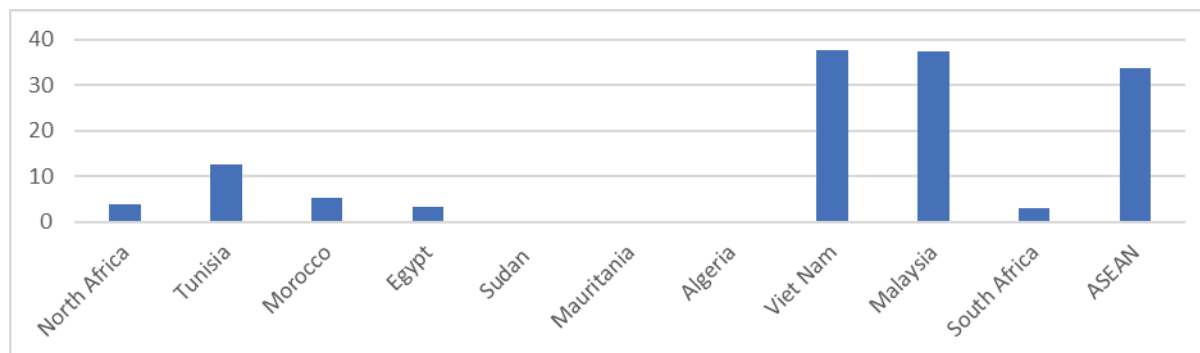
Figure 9: Composition of North African exports, 2017 *



Source: UN Comtrade database 2019 (access through WITS).

* No recent data available for Libya.

Figure 10: Share of high technology products in total North African exports, 2017 *



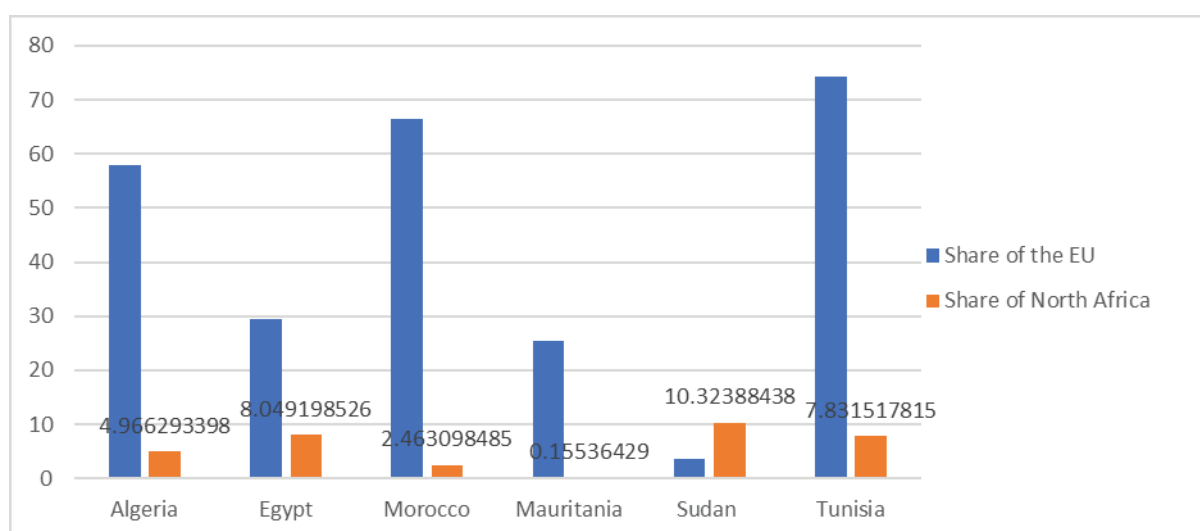
Source: UN Comtrade database 2019 (access through WITS).

No recent data available for Libya. Data for Mauritania are for 2016.

relatively low figures in manufacturing global value chains compared to such economies as Malaysia and Viet Nam. While high technology activities may not necessarily be taking place in these North Afri-

can economies, merely by participating in higher technology global value chains through activities such as assembly could give them a starting point for technological upgrading.

Figure 11: Export markets for North Africa region, 2017 *



Source: UN Comtrade database 2019 (access through WITS).

* No recent data available for Libya.

Notwithstanding the high variation across North Africa in terms of the composition of exports, regional trade remains limited for all countries in the region. Overall, intraregional exports for North Africa account for some 5 per cent of its total exports. For the more open and manufacturing-oriented economies such as Morocco and Tunisia, the European Union remains by far the main export market, while exports to other countries in the region remain very limited. The European Union is similarly dominant as the market for Algerian mineral exports. While Mauritania and the Sudan are less dependent on the European Union, the share of the rest of the North Africa region in their exports is also limited.

The limited regional integration in North Africa has in recent years been identified as one of the primary challenges facing the economy of the region. For

economies such as Egypt, Morocco and Tunisia that have managed to integrate in manufacturing global value chains, the limitations of this model have become increasingly clear in recent years. While those countries have been successful in integrating in global value chains, they have not succeeded in upgrading beyond the low value-added segments of those chains. Furthermore, the main comparative advantage of those countries in sectors such as apparel, electronics and the automotive industry remains their low labour costs and this, in turn, poses risks for the sustainability of this position, in particular with the growing adoption of automation in these chains. In a number of sectors in the region, there are limited domestic linkages, with high dependence on imported inputs from the European Union, Turkey or Asia. Furthermore, the dominance of production and trade with the European Union has led to high levels of regional

Table 8: North Africa ranking in trading across borders, 2018 ranking *

Country	Ranking (out of 190)
Morocco	62
Mauritania	69
Tunisia	101
Libya	128
Egypt	171
Algeria	173
Sudan	185

Source: World Bank's ease of doing business index, 2018.

* Trading across borders ranking is based on the time and cost associated with the logistical process of exporting and importing goods. The "doing business" indicator measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods.

Table 9: Trade agreements of North African economies

Country	Trade agreements
Egypt	Member of WTO, has FTA with the European Union, preferential trade agreement with the United States (QIZ), COMESA, member of Greater Arab Free Trade Area, FTA with MERCOSUR, FTA with Turkey, FTA with the European Free Trade Association
Morocco	Member of WTO, FTA with the European Union, FTA with the United States, FTA with Turkey, member of Greater Arab Free Trade Area, FTA with the European Free Trade Association, FTA with United Arab Emirates
Sudan	Member of Greater Arab Free Trade Area, COMESA
Mauritania	Member of WTO, signatory to the Economic Partnership Agreement between West Africa and the European Union
Tunisia	Member of WTO, FTA with the European Union, FTA with the European Free Trade Association, member of Greater Arab Free Trade Area, FTA with Turkey
Libya	Member of Greater Arab Free Trade Area, COMESA
Algeria	FTA with the European Union, member of Greater Arab Free Trade Area

Source: WTO regional trade agreements database, 2019.

inequality in those countries, with the coastal areas developing at a substantially faster rate than the inland districts, contributing to the social unrest that some of those countries have witnessed in recent years.

For such economies, regional integration offers an important path to surmounting some of these challenges through the market and product diversification of exports, the creation of more national and regional linkages and the dissemination of the economic and social benefits of trade and industrialization beyond the coastal regions. For economies such as Algeria, Libya, Mauritania and the Sudan which are less integrated in manufacturing global value chains, regional integration is seen as a path to expand their export market and to build their industrial capacities. Similar to the so-called “flying geese” model that has been observed in Asian global value chains, regional integration and upgrading in these chains can be seen as complementary processes through which the success of countries already integrated in global value chains, such as Morocco and Tunisia, could lead to the regional dispersion of manufacturing through investments and outsourcing to other countries in the region.

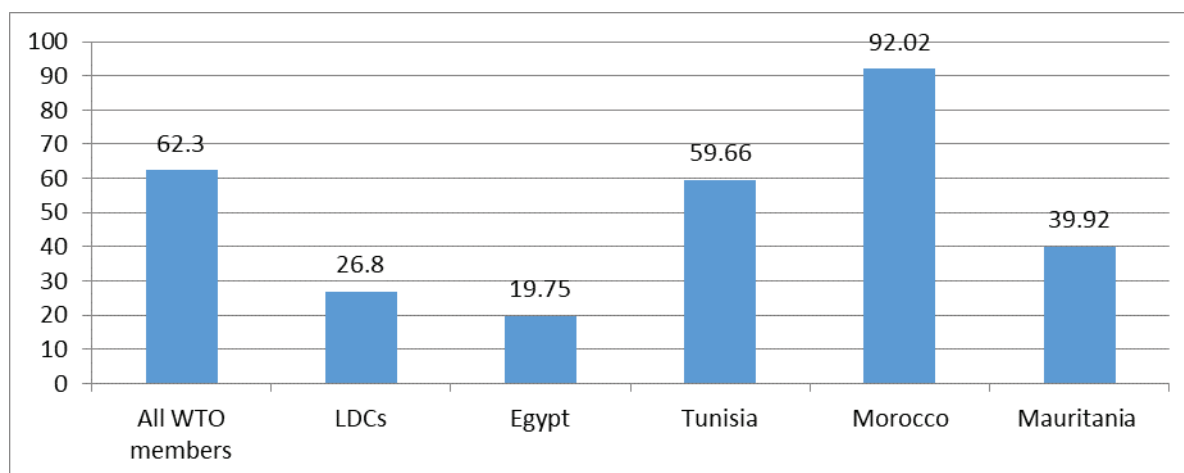
For these processes to take place, however, barriers to interregional and intraregional trade need to be overcome. Countries in the region have a generally low ranking in the trading-across-borders indicator of the World Bank’s ease of doing business ranking (table 8).

In terms of barriers to trade with partners outside North Africa, the picture is different for each country in the region. Some countries have pursued a strategy of joining bilateral, regional and multilateral trade agreements, while other countries have been more hesitant. Not all countries in the region, for instance, are members of WTO. Algeria, Libya and the Sudan are still going through the process of accession to WTO. Similarly, countries such as Algeria, Egypt, Morocco and Tunisia have signed free trade agreements with the European Union, while others in the region have not. Table 9 provides a summary of the trade agreements to which each country in the region is signatory.

In terms of trade facilitation, countries in the region vary in terms of what is included in these different agreements. The WTO members in the region (Egypt, Mauritania, Morocco and Tunisia) are all in the process of implementing the Trade Facilitation Agreement, although their implementation rates vary substantially, with Morocco in particular achieving a rate of implementation much higher than others in the region and the WTO average.

Beyond the Trade Facilitation Agreement, the trade agreements that countries in the region have signed are generally light on trade facilitation provisions. The agreements with the European Union followed by Algeria, Egypt, Morocco and Tunisia belong to the previous generation of European Union free trade agreements, with very limited provisions on trade facilitation beyond a basic commitment to cooperation in customs matters. Similarly, the free trade agreements with Turkey that some

Figure 12: Implementation of the Trade Facilitation Agreement by North African States



Source: WTO regional trade agreements database, 2019.

countries in the region have concluded give scant attention to trade facilitation.

One exception is the free trade agreement concluded by Morocco with the United States, which includes a number of stronger trade facilitation provisions. Overall, however, the provisions in this free trade agreement remain relatively light compared to more recent agreements, as discussed in chapter 3 of this report. Nonetheless, the agreement does include a number of provisions related to transparency and predictability, release and clearance of goods, and cooperation. For instance, in relation to the release of goods, the Morocco-United States free trade agreement includes a number of clauses that aim to speed up the release of goods, including a commitment to their release "within a period no greater than that required to ensure compliance with its customs laws and regulations and, to the extent possible, within 48 hours of arrival" (art. 6.2 (a) of the agreement). In addition, the agreement commits the two countries to adopting procedures that allow goods to be released at the point of arrival without the need to transfer them to interim warehouses or other locations. The two parties also commit themselves to putting in place procedures to release goods prior to the final determination of customs duties, taxes and fees. The free trade agreement also includes provisions related to advance rulings, notification of policy changes and a risk management system for custom inspections, among others.

While, with the exception of the Trade Facilitation Agreement, existing trade agreements to which

North African countries are signatories tend to be very light on trade facilitation, the new European Union agenda of deep and comprehensive free trade areas could change this situation. Deep and comprehensive free trade areas constitute a new generation of European Union agreements and have already been concluded with Georgia, the Republic of Moldova and Ukraine. Negotiations for a deep and comprehensive free trade area have been launched between the European Union on the one hand and, separately, Egypt, Morocco and Tunisia on the other. For a number of political and economic reasons, however, these negotiations have stalled in the cases of Egypt and Morocco, while negotiations with Tunisia are still in progress. In the negotiations, the European Union proposed a chapter on customs procedures and trade facilitation, which would reiterate the commitment of the two parties to implement the Trade Facilitation Agreement and include a number of additional provisions related to customs cooperation, approximation of customs legislation (for its part, Tunisia is gradually adopting European Union customs legislations), and consultation with the business community.

Other countries in the region which are not members of WTO and do not yet form part of the agenda on deep and comprehensive free trade areas (Algeria, Libya and the Sudan) have limited binding obligations in the area of trade facilitation. Nonetheless, growing recognition of the benefits of trade facilitation is leading a number of North African States to adopt initiatives in this area with a focus on regional trade, where barriers related to

customs and logistics remain substantial and often higher than those with other trading partners. The following sections review the situation in each of the North African economies relating to trade facilitation.

B. Trade facilitation in Algeria

Algeria is still in the process of accession to WTO. As such, the country is not a party to the Trade Facilitation Agreement and is not in the process of implementing this agreement. Algerian exports are highly reliant on natural resources, with fuels accounting for more than 95 per cent of the country's exports in 2017. Natural gas and oil dominate Algerian exports. As the risks of dependence on natural resources become clearer, however, Algerian authorities are increasingly looking at the diversification of its economy and exports as an important strategic objective for the country. To that end, policies that promote exports and boost the manufacturing industry are seen as important steps towards the broader diversification of the economy. Major reforms, however, are still needed in order to promote such diversification. Currently, the lack of stability created by changes in oil prices is reflected in a lack of stability in Algerian trade policies.

Algeria's regional trade is limited. The rest of the North Africa region accounts for a mere 2 per cent of Algerian imports, while countries such as China,

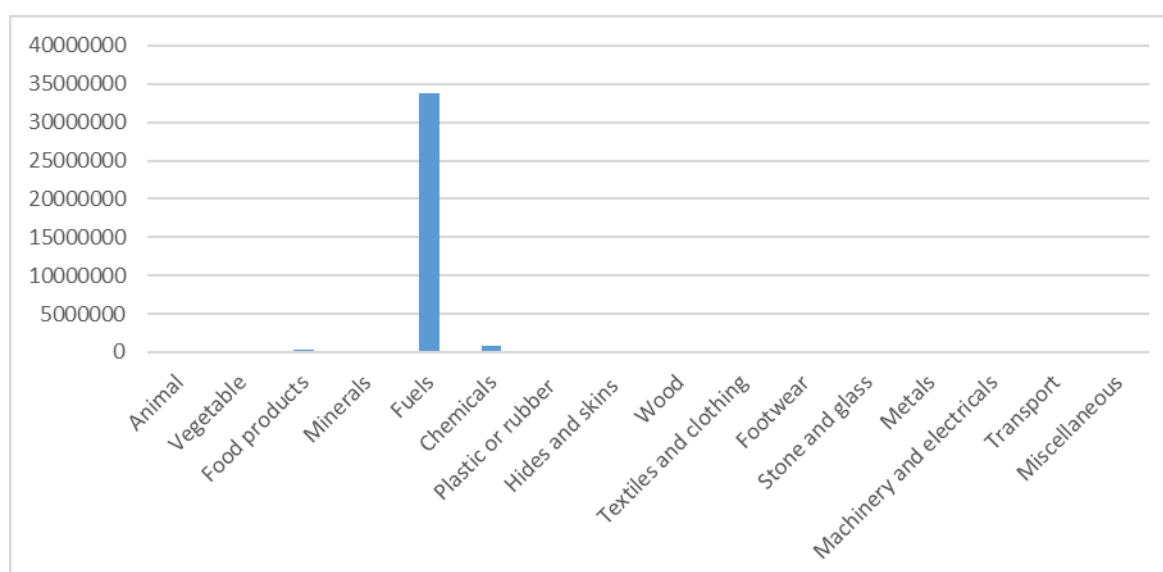
France, Italy and Germany are the main exporters to Algeria. Where exports are concerned, the rest of North Africa only accounts for some 5 per cent of Algerian exports, while Italy, France, Spain and the United States are the main importers of Algerian products.

Over the period 2007–2014, Algerian exports to North African partners increased in terms of both value and market share. This increase, however, was reversed in recent years with a decline in these exports. A similar trend may be seen in imports by Algeria from North African partners, which increased over the period 2007–2013 before declining in subsequent years.

The composition of Algerian exports to the world and to North Africa are similar, with mineral products dominating both destinations. The share of manufactured products, while low in both, is slightly higher in Algerian exports to North Africa.

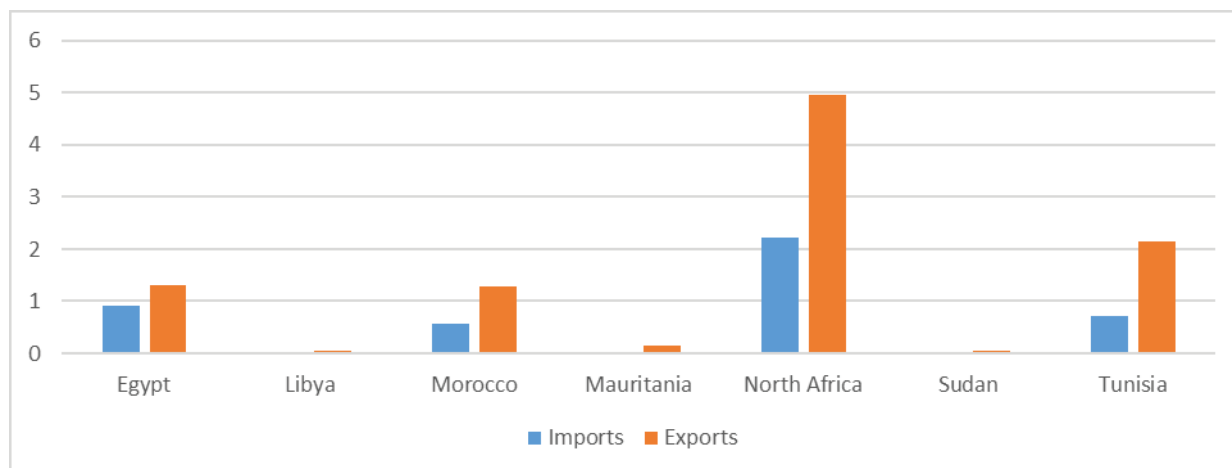
Like most other countries in the region, Algeria is dependent on maritime shipping for its trade. For petrochemical exports, the port of Arzew in Oran province is a key logistical hub. For container ships, the port of Algiers is also highly important, handling a high percentage of container ship movements. In terms of connectivity, Algeria has lower connectivity overall than its neighbour Morocco,

Figure 13: Algerian exports by product group, 2017 (millions of United States dollars)



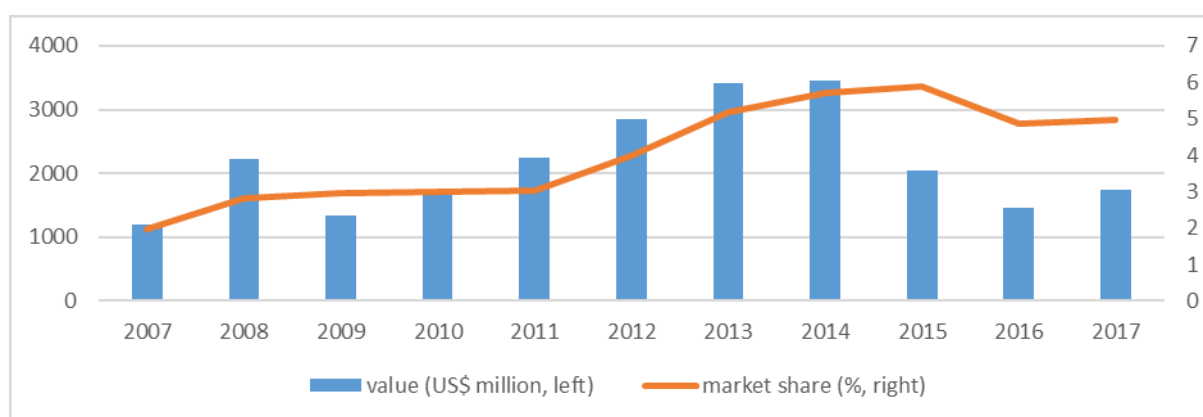
Source: UN Comtrade database 2019 (access through WITS)

Figure 14: Share of Algerian total exports and imports, 2017 (in percentages)



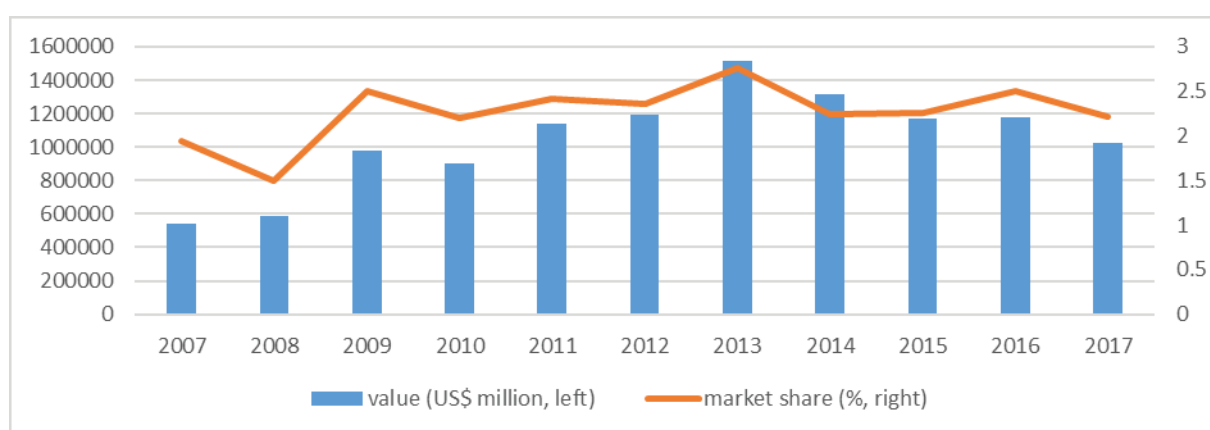
Source: UN Comtrade database 2019 (access through WITS).

Figure 15: Algerian exports to North African partners (market share and value), 2007–2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 16: Algerian imports from North African partners (market share and value), 2008–2017



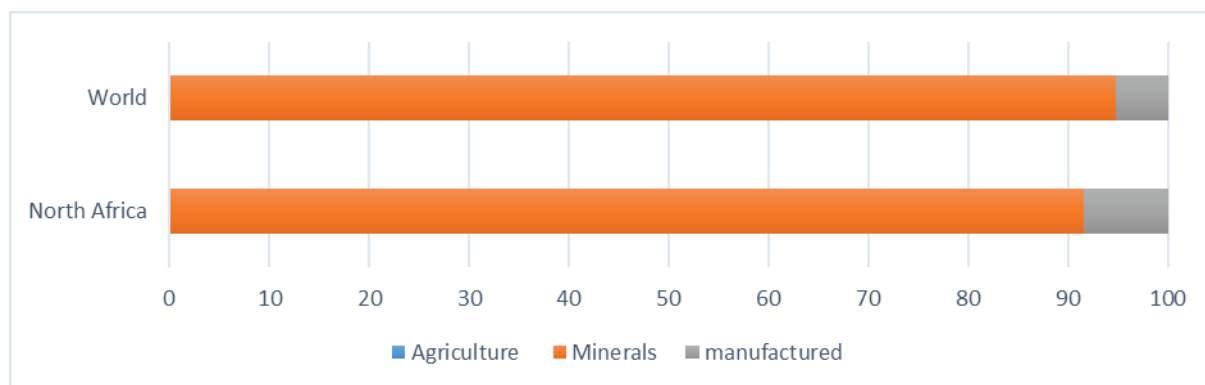
Source: UN Comtrade database 2019 (access through WITS).

for instance, with relatively high bilateral connectivity to Egypt, France, Italy, Morocco and Spain.

One of the downsides for Algeria of its high dependence on mineral exports is the lack of stability

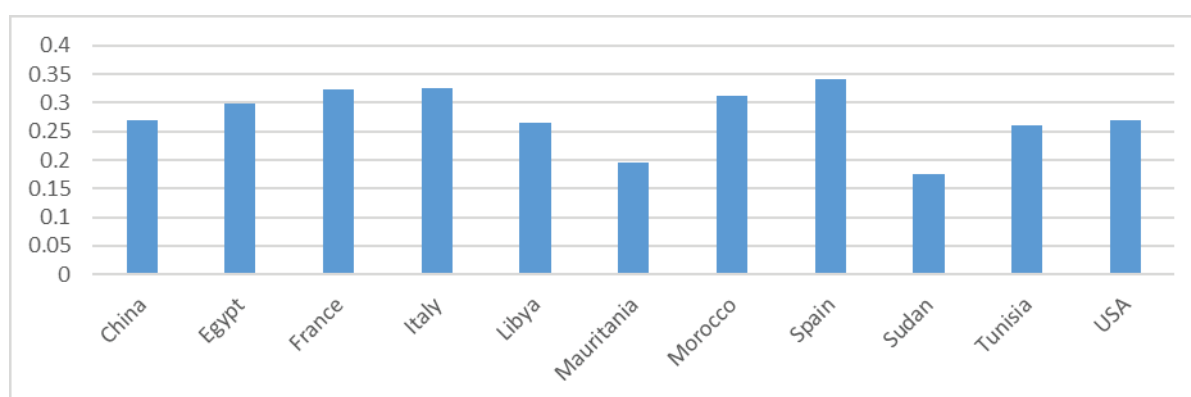
of Algerian trade policy. Over the last few years, following the decline of oil prices, Algeria has adopted a number of restrictions on imports in order to limit the growing trade deficit in the country. The decline in oil prices in recent years has creat-

Figure 17: Composition of Algerian exports by market, 2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 18: Liner shipping bilateral connectivity index of Algeria, 2017



Source: United Nations Conference on Trade and Development, UNCTADstat, 2019.

ed major economic challenges for Algeria, in particular the widening trade deficit. In order to limit these effects, the Government of Algeria imposed a range of restrictions on imports into the country. In addition to an increase in customs duties, Algeria introduced a temporary ban on the imports of hundreds of products into the country including home appliances, food products, furniture and others.

This lack of consistency in the Algerian trade policy resulting from its dependence on natural resources poses a major barrier to the diversification of its economy, in particular exports. Nonetheless, Algeria is adopting a number of measures relevant to trade facilitation designed to improve the regulations and logistics of foreign trade. In 2004, a national agency for the promotion of foreign trade, the Agence Nationale de Promotion du Commerce Extérieur (ALGEX), was created with the mandate to promote Algerian exports, analyse export markets, organize Algerian participation in fairs abroad, promote non-hydrocarbon exports, and

provide an annual evaluation report on export policy and programmes. While the initial focus of ALGEX was on exports, its mandate was changed in 2008, by decree No. 08-313, to include the monitoring and analysis of imports. Another institution that was created with the objective of diversifying and promoting exports is the national federation of exporters, or Association Nationale des Exportateurs Algériens (ANEXAL). A national consultative council for the promotion of exports was also constituted in 2004, although the council only came into existence in 2019. A unit for monitoring and analysing exports was created within ALGEX, with the mandate to collect information on the barriers facing exporters in such areas as customs and tax procedures, banking procedures, quality and certification, and transport and logistics.

Following an assessment of the non-hydrocarbon exports system in 2018, a number of trade facilitation measures were adopted to improve exports, including the following:

- Streamlining of procedures for custom clearance with the objective of lowering clearance time to one day for perishable products and four days for other products
- Simplification of the temporary admission regime for inward processing
- Reduction of timelines and procedures for the issuance of certificates of conformity for export products by the national agency responsible for quality control, the Centre Algérien du Contrôle de la Qualité et de l'Emballage (CACQE)
- Simplification of the payment arrangements under the temporary admission system

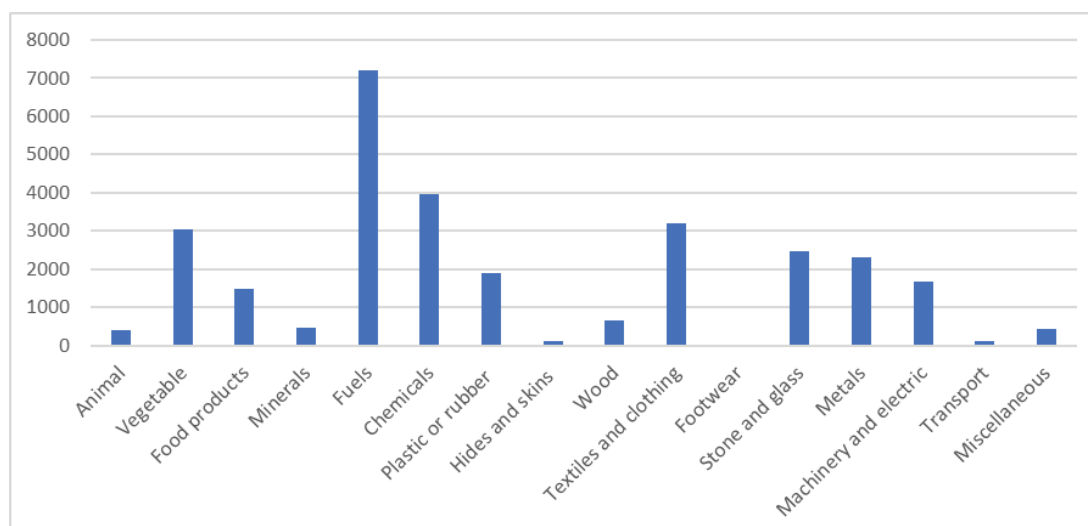
Other measures are being analysed in the context of the development of a national export strategy. In 2017, the Ministry of Trade, with the support of ITC in Geneva, initiated a broad consultation with institutional and private stakeholders on such a strategy. Four consultation rounds were held between October 2017 and September 2018, during which participants identified key growth sectors for exports (pharmaceuticals, beverages and agrifood products, and mechanical and electronic components for the automotive and aeronautic sectors). The national export strategy includes implementation of the following measures by 2023:

- *Short-term key measures (one–two years)*
 - Set up a combined public and private implementation structure in the form of a national export council
 - Proceed with the export support scheme
 - Review regulation No. 14-04 setting the conditions for the transfer of capital abroad
- *Medium-term measures (one–three years)*

- Review the governance structure of the trade support institutions
- Establish a single window for export in the form of an online portal
- Diversify the export financing instruments offered by the Algerian banking and financial sector
- *Long-term measures (three–five years)*
 - Develop a national “Made in Algeria” label for Algerian products intended for export
 - Establish logistics platforms and centres for export preparation (packaging, storage, treatment and other processes)
 - Develop air cargo and associated infrastructure in airport enclosures

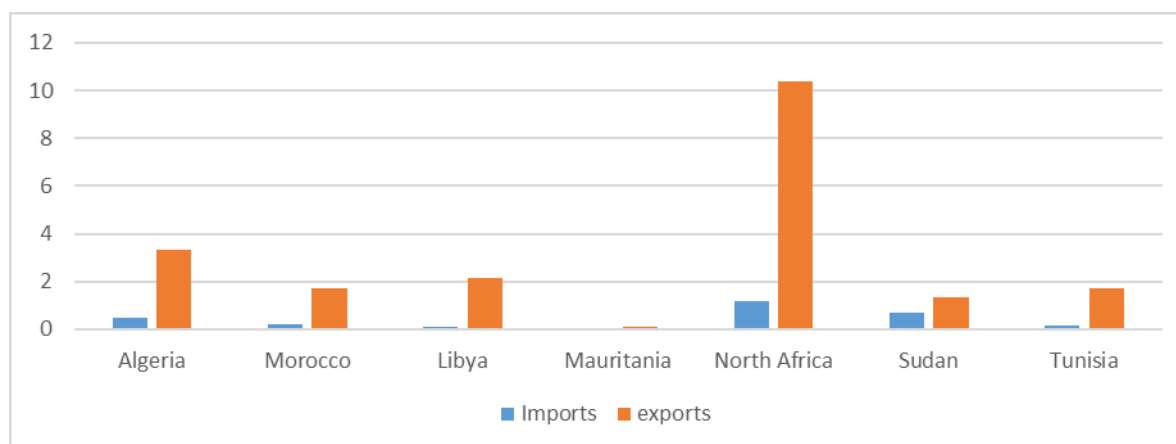
Reform of the customs system has been another area of focus in recent years. In 2019, Algeria launched a review of its customs information and automated management system, SIGAD, which has been in use for 24 years. The plan is to replace this system with the UNI-PASS information system used by the customs authorities of the Republic of Korea and recognized by WCO. This new system, which is expected to be operational in 2020, should help reduce the time of customs clearance, limit fraud, enable the establishment of a one-stop shop for the exchange of computer data between foreign trade operators, and help to digitalize custom procedures. UNI-PASS also includes risk management tools. An information day on the system was organized in April 2019, bringing together customs officials from Algeria and the Republic of Korea. Since 2012, Algeria has also been operating an authorized economic operator system, which provides simplified procedures for such operators. By 2017, this status had been granted to 335 companies.

Figure 19: Egyptian exports by product group, 2018 (millions of United States dollars)



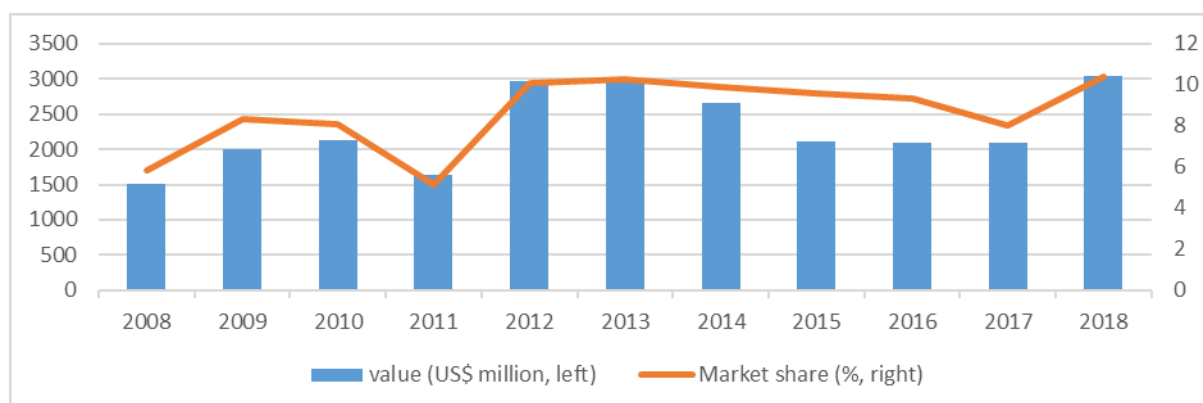
Source: UN Comtrade database 2019 (access through WITS).

Figure 20: Share of Egyptian total exports and imports, 2018 (in percentages)



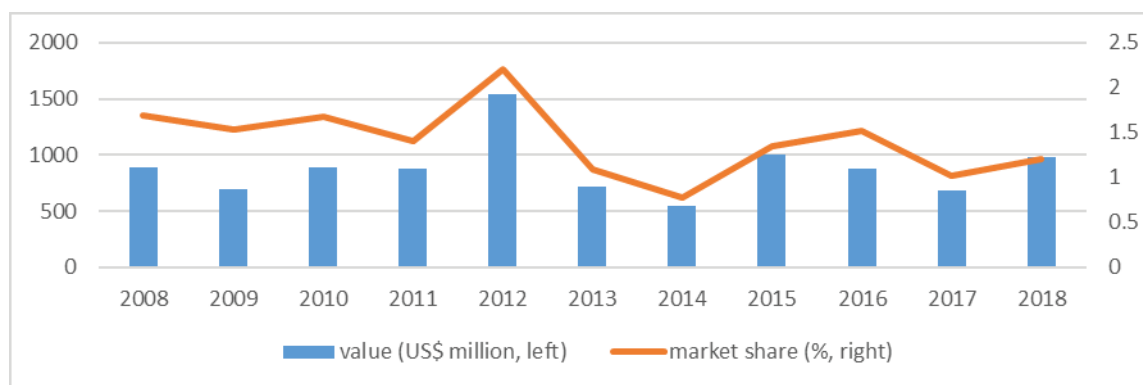
Source: UN Comtrade database 2019 (access through WITS).

Figure 21: Egyptian exports to North African partners (market share and value), 2008–2018



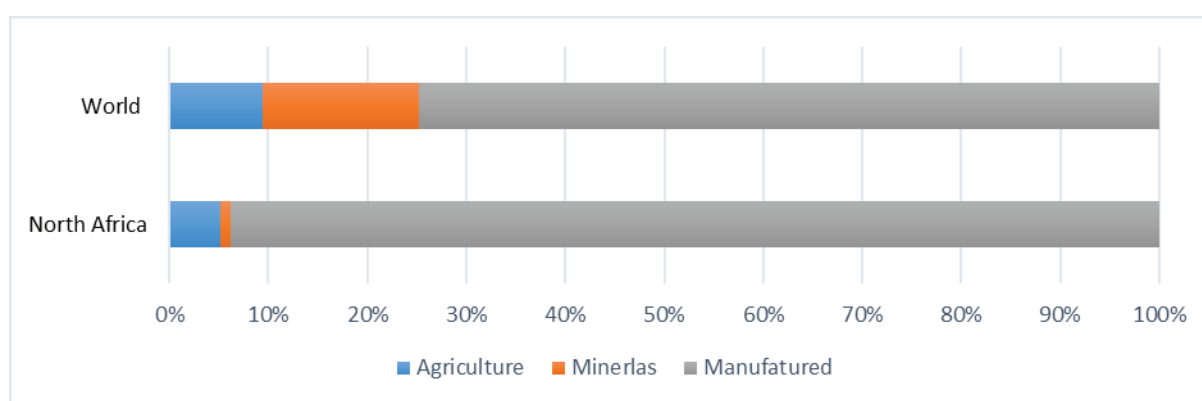
Source: UN Comtrade database 2019 (access through WITS).

Figure 22: Egyptian imports from North African partners (market share and value), 2008–2018



Source: UN Comtrade database 2019 (access through WITS).

Figure 23: Composition of Egyptian exports by market, 2017



Source: UN Comtrade database 2019 (access through WITS).

C. Trade facilitation in Egypt

Egypt is the largest economy in the North Africa region in terms of GDP and population. Over recent decades, the country has followed an open economic strategy that focused on integrating the country in the global economy, attracting foreign direct investments and integrating in global value chains.

By comparison with other countries in the region, Egypt has a relatively diversified export profile. While minerals and fuels are an important part of Egyptian exports, Egypt also exports a range of manufactured products, such as textiles and clothing, chemicals and food products.

For Egypt, trade within the North Africa region remains limited. While exports to other countries in

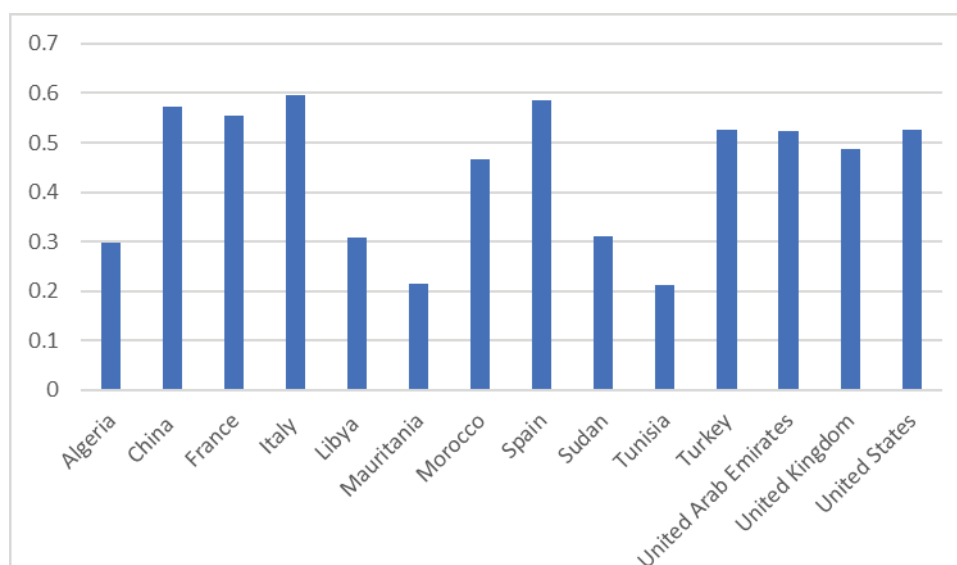
the region account for 10.4 per cent of total Egyptian exports, imports to Egypt from North African partners are limited, accounting for a mere 1.2 per cent of its total imports.

Over recent years, Egyptian exports to North African partners have increased: the share of North Africa in total Egyptian exports grew significantly between 2008 and 2018.

As for Egyptian imports from other North African economies, these have fluctuated in recent years but have remained generally small.

In terms of the products traded with other North African partners, Egypt exports a relatively large proportion of manufactured products to those countries in comparison to its overall exports, which have a higher share of mineral and agricultural products.

Figure 24: Liner shipping bilateral connectivity index of Egypt, 2017



Source: United Nations Conference on Trade and Development, UNCTADstat, 2019.

Where logistical connectivity is concerned, Egypt has a number of important ports that play a key role in Egyptian trade. Those include Port Said, Alexandria, Damietta and Sokhna. Given its relatively limited regional trade, the country has stronger logistical connections to European and other global partners than to other North African partners.⁸

Recognizing that barriers to trade in Egypt have hindered the ability of firms to increase exports and integrate in global value chains, both regionally and globally, policymakers in Egypt have been giving increasing attention in recent years to the issue of trade facilitation. Trade facilitation in Egypt faces a number of challenges related to infrastructure, customs, bureaucracy and opaque procedures. During the preparation of the present report, the following issues were identified in respect of the situation in Egypt:

- Unclear and complicated procedures by ports, custom authorities and other regulatory bodies
- Lack of predictability as new decisions and rules are applied without granting sufficient

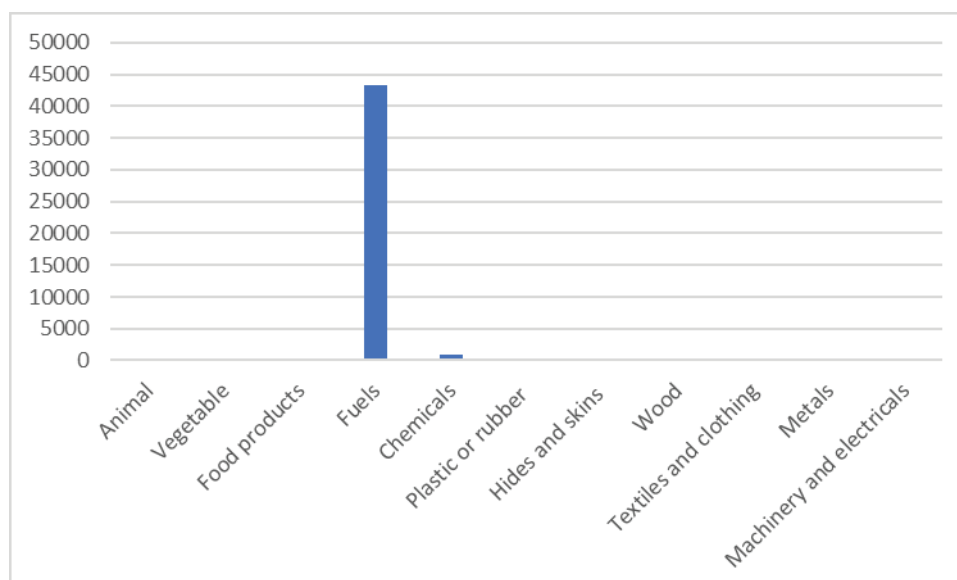
time and notification to traders and limited exchange of information overall

- Lack of response to enquiries by traders related to custom issues
- Non-compliance by customs officers with official working hours which delays the movement of goods
- Limited adoption of electronic tools and frequent failures in these tools
- Complexity of inspection and examination processes and delays in the results of inspection due to lack laboratories
- Issues related to infrastructure in different parts of the logistics networks

Like other North African WTO members, Egypt is also in the process of implementing the Trade Facilitation Agreement, which it ratified on 24 June 2019. Implementation of the agreement will give new impetus to the issue of trade facilitation in Egypt. Another factor driving the interest of Egyptian policymakers in the issue of trade facilitation

⁸ Bilateral logistical connection is measured by the UNCTAD Linear Shipping Bilateral Connectivity Index, which incorporates the following five parameters: first, the number of transshipments required to get from country A to country B; second, the number of direct connections common to both country A and country B; third, the geometric mean of the number of direct connections of country A and of country B; fourth, the level of competition on services that connect country A to country B; and, fifth, the size of the largest ships on the weakest route connecting country A to country B.

Figure 25: Libyan exports by product group, 2008 (millions of United States dollars)



Source: UN Comtrade database 2019 (access through WITS).

is the growing focus on exploiting the country's geographical position as an important global transit hub. The expansion of the Suez Canal and the construction of wider economic zones along the corridor of the Suez Canal are seen as strategic objectives to boost the position of Egypt in global logistics and global value chains. Trade facilitation is thus seen as a strategic part of this vision. As a result, in recent years Egyptian authorities have launched a number of initiatives relating to implementation of the Trade Facilitation Agreement and the issue of trade facilitation more broadly. These initiatives include the following:

- A national committee on trade facilitation was established at the Ministry of Trade and Industry. The committee includes both public and private stakeholders involved in the issue of trade facilitation and aims to act as a focal point for trade facilitation issues and for the implementation of the Trade Facilitation Agreement and as a link between the private and the public sectors on trade facilitation.
- A national enquiry point on trade facilitation was established in order to respond to enquiries related to trade facilitation for traders in Egypt and abroad.
- A Ministerial Steering Council for Egyptian Trade Facilitation, known as EgyTrade, was es-

tablished in 2015. EgyTrade is chaired by the Minister of Industry and Trade and includes a number of other ministers and officials who are in charge of relevant institutions, such as customs and ports. The steering council oversees the implementation of different trade facilitation initiatives and coordinates the measures between different public authorities.

- The preparation of a new customs act, a draft version of which was issued in 2018. The act replaces the existing customs act in Egypt (issued in 1963) and its subsequent amendments and introduces a number of new concepts and clauses that are in line with the Trade Facilitation Agreement, such as authorized economic operators, the release of goods prior to the final determination of customs duties, advance rulings, and the adoption of digital paperless procedures, among others.
- A project was launched to implement the Egypt national single window platform.
- A single administrative document for customs purposes was adopted.
- The authorized economic operator system was activated.

D. Trade facilitation in Libya

In recent decades, the Libyan economy has been dominated by energy exports, in particular oil, with very limited exports of other products. In the 2000s, Libya began to explore ways of expanding its participation in the global economy. To that end, it put out feelers regarding membership of WTO and a mandate was granted by WTO member States in 2004 for the commencement of negotiations with Libya. A working party, the first step in the membership process, was established that same year. The working party has still to meet, however. Some efforts were also carried out in the 2000s to adopt international standards in areas such as customs, but these efforts have stalled, owing to the political and security turmoil in recent years.

E. Trade facilitation in Mauritania

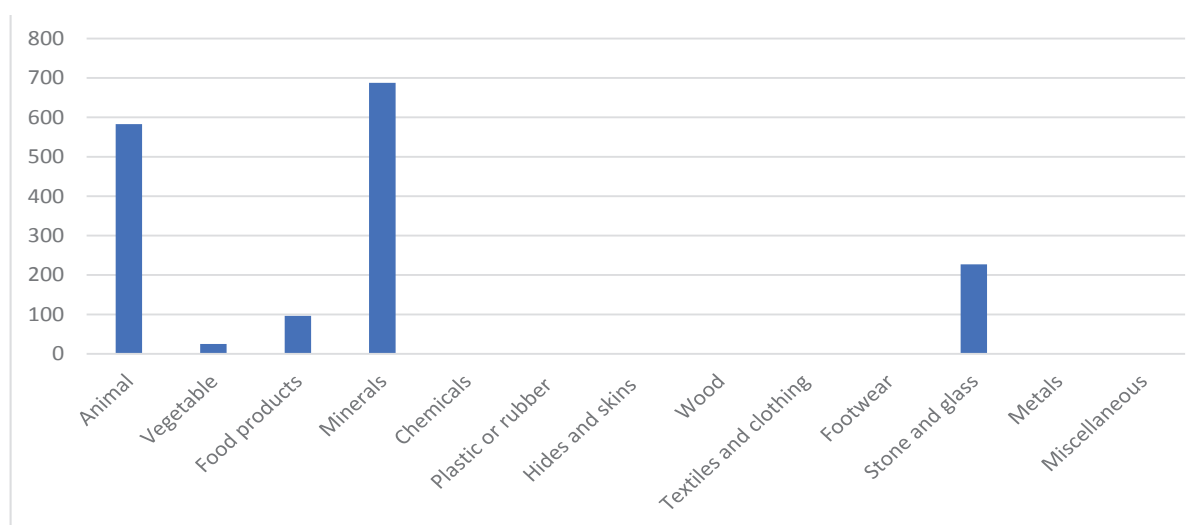
As a member of WTO and signatory to the Trade Facilitation Agreement, Mauritania has been implementing the trade facilitation measures included in the agreement. Attention to the issue of trade facilitation in Mauritania is part of the country's broader interest in diversifying its economy and moving beyond a dependence on raw materials and commodities. As part of this strategy, efforts have been undertaken in recent years to improve the business environment and to promote the manufacturing sector in the country. A national strategy for pri-

vate sector development was adopted in 2014 in pursuit of these objectives. Other measures in this context include the one-stop shop for setting up businesses, reforms to the investment code, and the establishment of a free zone in Nouadhibou. Overall guidance of the economy is administered through the country's strategy for accelerated growth and shared prosperity, which covers the period 2016–2030. A key objective of this strategy is to boost sustainable and inclusive economic growth through structural transformation of the economy by facilitating, first, the emergence and strengthening of wealth and employment-generating sectors capable of ensuring social inclusion and satisfying domestic demand, in particular through private initiatives and innovation; and, second, enhancement of the country's export capacity and its ability to attract foreign direct investment.

Diversification of the economy and foreign trade remains a major challenge for Mauritania. Its exports are dominated by mineral and animal products (in particular, fish), while exports of manufactured goods are very limited. The top importers of Mauritanian exports are China, Japan, Spain, Switzerland and the Russian Federation.

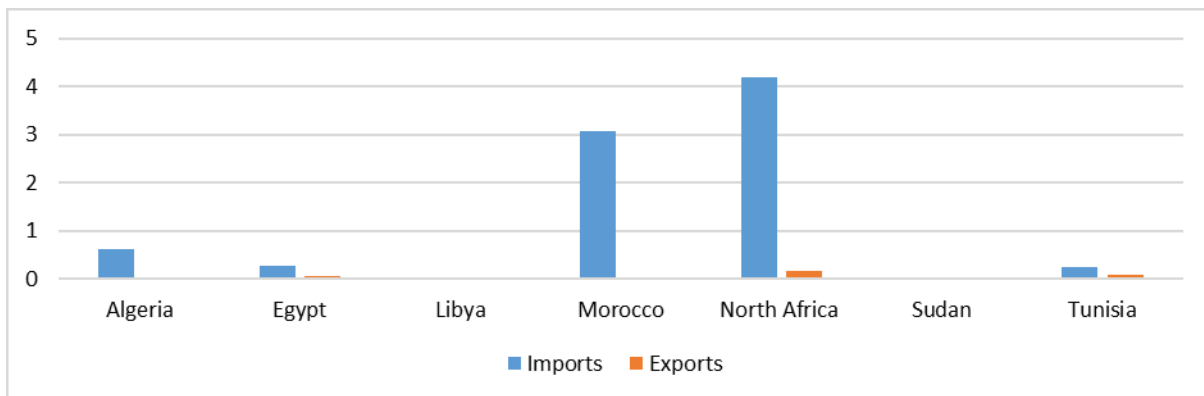
Mauritanian trade with the rest of North Africa is very limited, in particular where exports are concerned. Mauritanian exports to all the other six countries amount to significantly less than 1 per cent of its total exports (some \$3 million in 2017, account-

Figure 26: Mauritanian exports by product group, 2016 (millions of United States dollars)



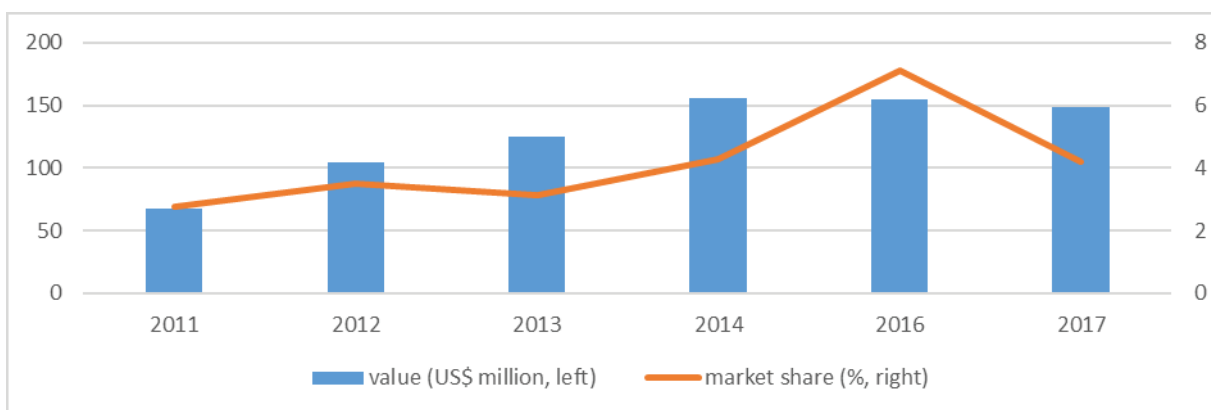
Source: UN Comtrade database 2019 (access through WITS).

Figure 27: Share of Mauritanian total exports and imports, 2017 (in percentages)



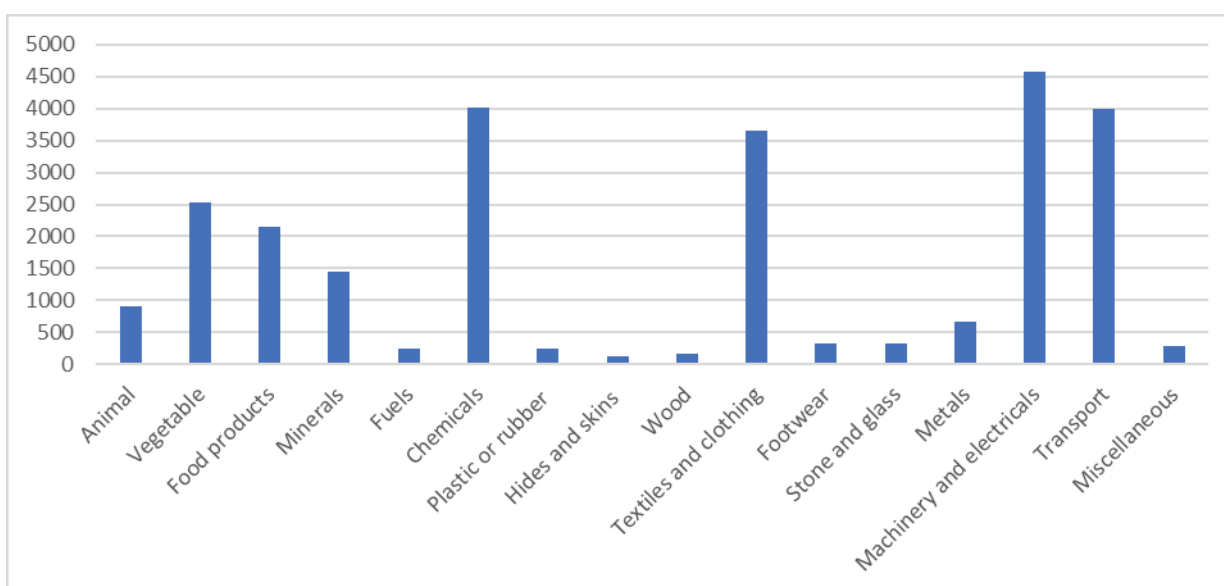
Source: UN Comtrade database 2019 (access through WITS).

Figure 28: Mauritanian Imports from North African partners (market share and value), 2011–2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 29: Liner shipping bilateral connectivity index of Mauritania, 2017



Source: United Nations Conference on Trade and Development, UNCTADstat, 2019.

ing for 0.15 per cent of total exports). In terms of imports, the North Africa region accounts for 4.2 per cent of total Mauritanian imports.

Mauritanian imports from other North African economies have been growing in recent years, although they remain limited.

In terms of logistical connections, Mauritania has three main ports (Nouadhibou, Nouakchott and Port Louis). The country, however, has relatively low logistical connectivity.

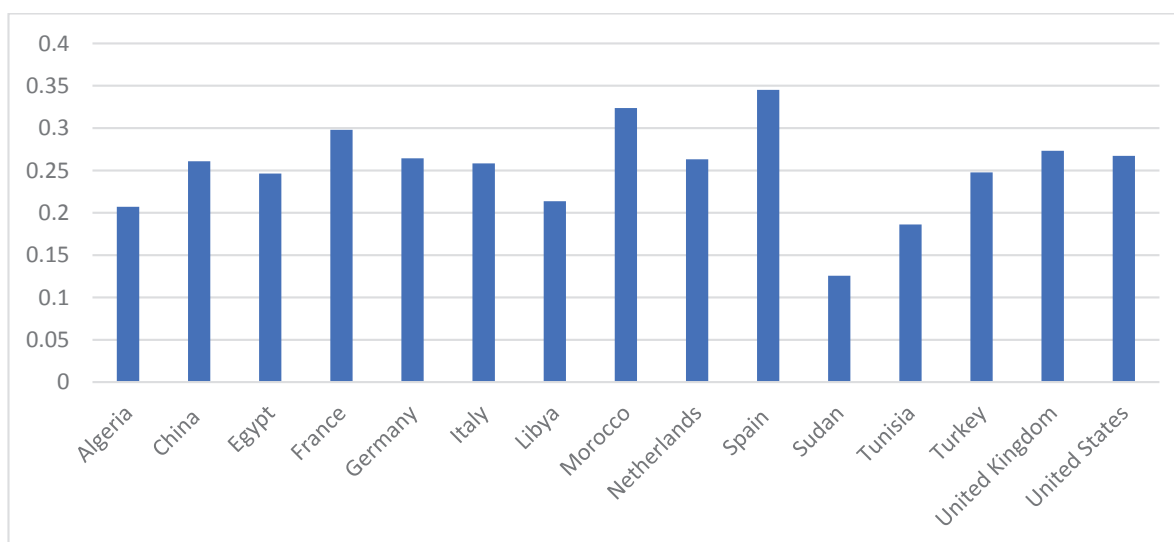
As part of a broader effort to promote diversification and industrialization, issues related to trade facilitation have begun to receive more attention in recent years. As a central institution dealing with trade flows, the customs administration has been the object of close scrutiny in this regard. Over the period 2016–2019, a number of important reforms were made to this authority. The focus of these reforms was the simplification of customs clearance procedures, the reduction in the number of documents, and the updating of the regulatory framework through a new customs code in line with the standards of the revised Kyoto Convention. The 1966 Customs Code was revised and updated in 2017, by Act 35 2017, with the adoption of a number of the measures included in the WTO Trade Facilitation Agreement, including rules on simplified procedures, appeals, rules of origin and provisions

on authorized economic operators. In addition, a national value office was established in 2015 to help customs in the process of customs valuation.

The reforms also focused on the simplification of import and export procedures and the elimination of the multiple prior authorizations that were needed before. Some of the previously required documents have also been removed from the process. The upgrading of information technology systems has also been a focus of the reforms, with a view to moving towards paperless trading. The ASYCUDA global customs data system was adopted in 2016. Electronic submission of documents is also being rolled out, to facilitate customs clearance and other administrative processes. Systems for risk management have also been introduced, with the establishment of four freight-forwarding circuits (red, yellow, green and blue), designed to facilitate the movement of less risky goods and to focus efforts on high-risk goods.

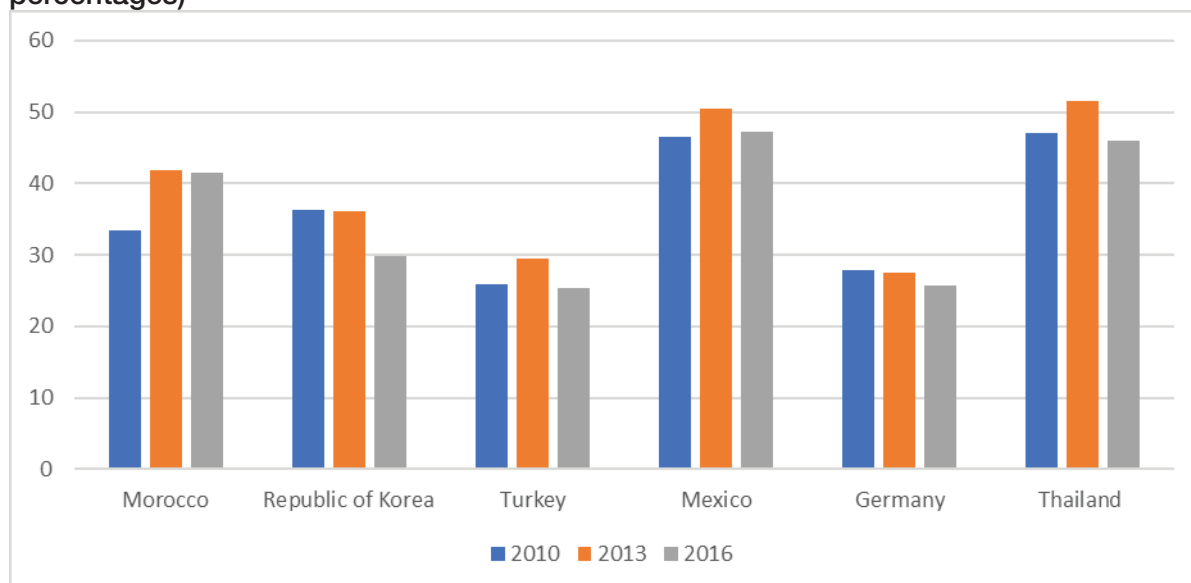
Despite these efforts, there are still important challenges facing trade facilitation policy in Mauritania. Some of the measures adopted in recent years have not been very effective. For instance, despite the adoption of a risk-based inspection system, physical verification of goods (following the red circuit) remains the dominant practice. Similarly, the authorized economic operators system has not yet been fully implemented. Infrastructure issues, such

Figure 30: Moroccan exports by product group, 2017 (United States dollars)



Source: UN Comtrade database 2019 (access through WITS).

Figure 31: Foreign value added as a share of exports in the automotive industry (in percentages)*



Source: Trade in value added database, OECD-WTO, 2019.

* The trade in value added database is only available for Morocco and Tunisia in the North Africa region.

as the poor quality of some major roads, are also posing significant barriers to trade.

F. Trade facilitation in Morocco⁹

Over recent years, Morocco has emerged as one of the fastest growing economies in North Africa, largely thanks to its improved position in global value chains in sectors such as apparel and the automotive industry. This growth has been underpinned by an economic strategy that focused on improving the market access conditions for Morocco-based exporters. In addition to gaining membership of WTO, Morocco has pursued a policy of improving access to the markets of the advanced economies, through free trade agreements with the European Union and the United States. Morocco has also been particularly successful in integrating into global value chains focused on the European Union market. Its strong global value chain connections mean that issues of trade facilitation are of particular importance, as a number of the key Moroccan export sectors are dependent on imported inputs. Nonetheless, Morocco still faces important challenges related to market and prod-

uct diversification and to upgrading its position in global value chains.

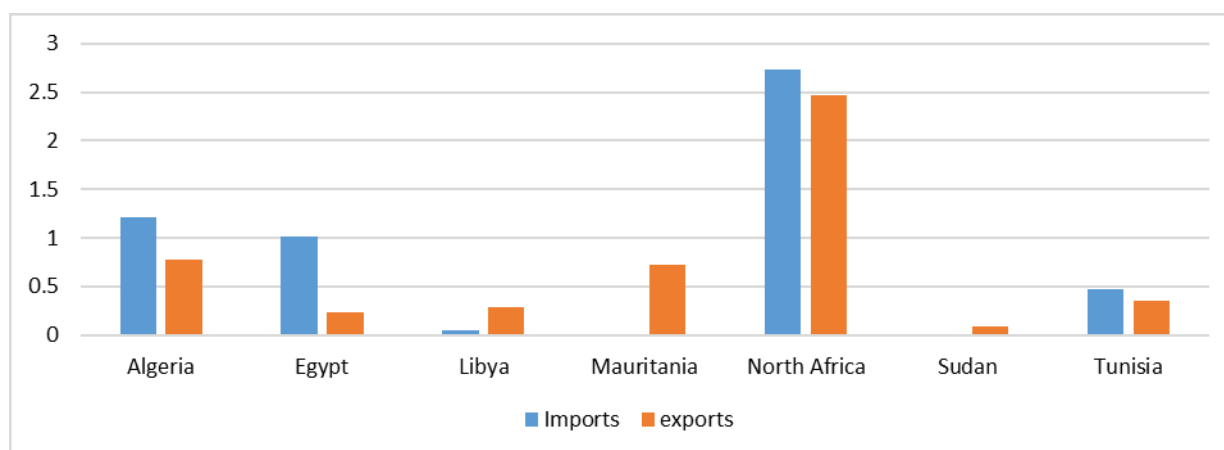
Where exports are concerned, Morocco has a relatively diversified portfolio of products with substantial exports of transportation equipment (automotive sector), machinery and electric products, textiles and clothing, chemicals, and food products. Some of these export streams experienced very rapid growth in recent years. Moroccan exports of motor vehicles, for example, increased from \$245 million in 2010 to \$3.39 billion in 2017.

Imported inputs are an important component of industries such as automotive products and electrical equipment. Where the automotive sector is concerned, for instance, the rapid growth in exports in recent years has been accompanied by an increase in the share of foreign value added in Moroccan automotive exports. This share is higher than that observed in countries such as Germany, the Republic of Korea and Turkey but lower than that in countries such as Mexico and Thailand.

Imported inputs are also important in other manufacturing sectors in Morocco. As a result, trade facilitation has played an important role in speeding up both import and export processes and enabling

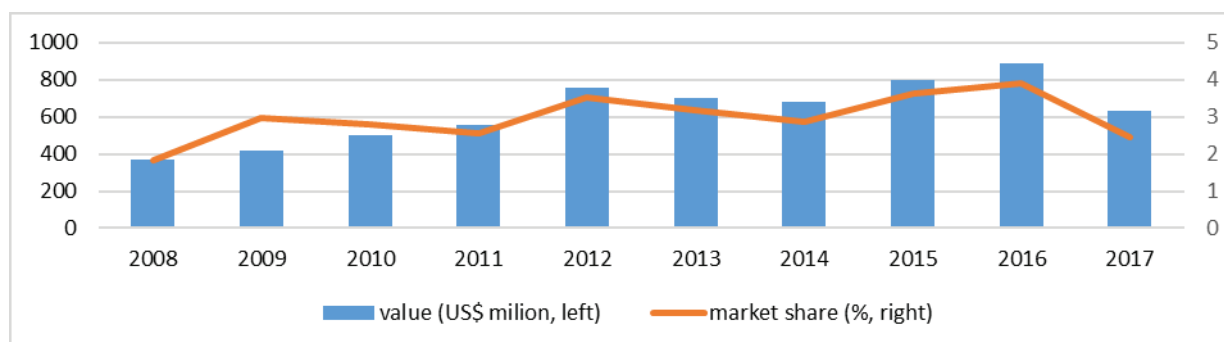
⁹ Attempts were made to follow a similar outline for each North African country. Data availability and limitations, however, made some differences inevitable. In addition, economic factors occasioned some differences. For instance, there is little value in analysing certain trade flows if they are negligible.

Figure 32: Share of Moroccan total exports and imports, 2017 (in percentages)



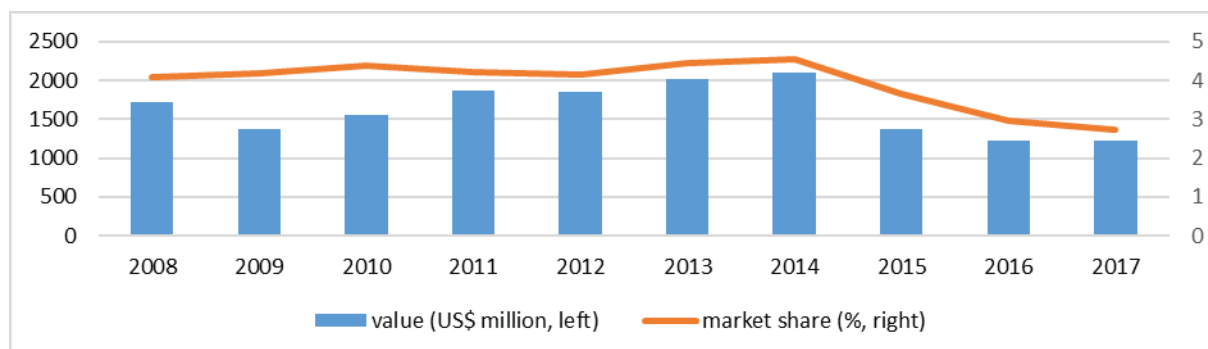
Source: UN Comtrade database 2019 (access through WITS).

Figure 33: Moroccan exports to North African partners (market share and value), 2008–2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 34: Moroccan imports from North African partners (market share and value), 2008–2017



Source: UN Comtrade database 2019 (access through WITS).

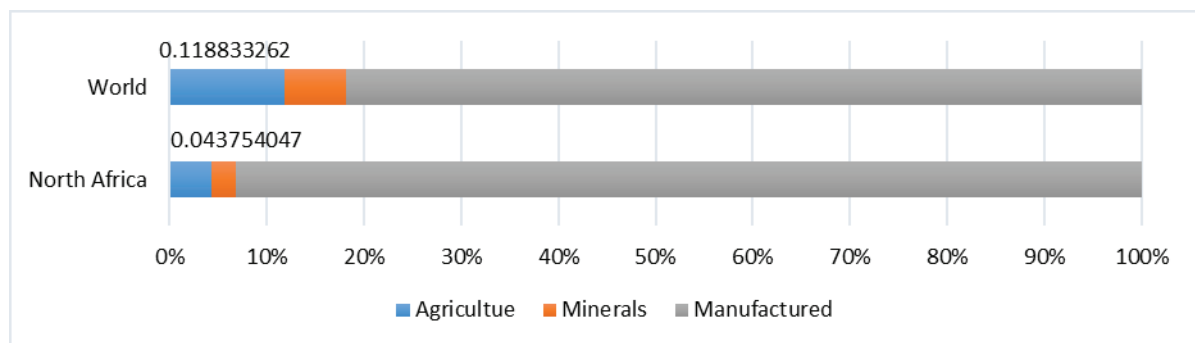
Morocco-based producers to strengthen their position in global value chains.

Reflecting the country's high dependence on trade with the European Union, trade between Morocco and the rest of North Africa is very limited, with the rest of the region accounting for some 2.5 per cent of total Moroccan exports and imports in 2017.

While the share of North Africa in Moroccan exports remains low, these exports have increased in recent years. Between 2008 and 2016, Moroccan exports to North Africa increased from \$368 million to \$891 million before declining again in 2017.

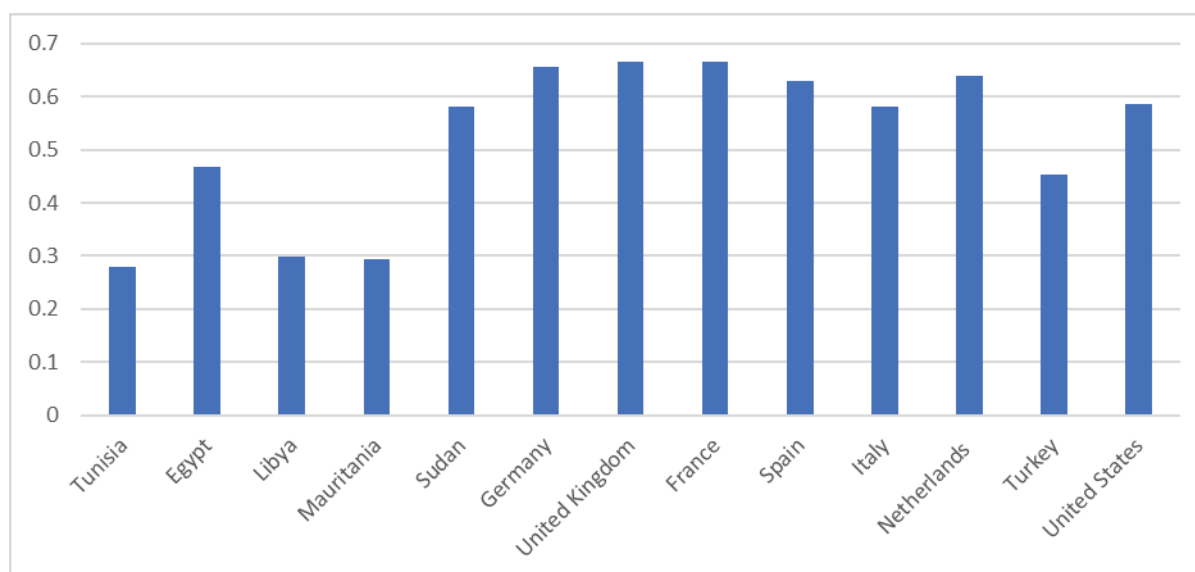
A different trend, however, may be observed for imports, with Moroccan imports from North Africa showing a downward trend in recent years.

Figure 35: Composition of Moroccan exports by market, 2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 36: Liner shipping bilateral connectivity index of Morocco, 2017



Source: United Nations Conference on Trade and Development, UNCTADstat, 2019.

Similar to the case of Egypt, the share of manufactured products in Moroccan exports to North Africa is higher than the share of manufactured goods in Moroccan exports to the world.

Maritime trade plays an important role in the Moroccan economy, given that the country’s principal trading partners are in Europe. There are several major ports in Morocco, but the Tangier port is by far the most important of them. In 2019, Morocco opened the Tangier Med 2 port, which is the largest in Africa and the Mediterranean, and one of the 20 largest ports in the world. The limited regional trade of Morocco with other North African countries is reflected in the low logistical connectivity between Morocco and other North African economies, in comparison to its connectivity with other – in particular, European – economies.

Owing to the position of Morocco in time-sensitive global value chains, such as automotive industry, and the high share of foreign value added in Moroccan exports, the issue of trade facilitation is accorded considerable importance by Moroccan policymakers. This attention is reflected in the high level of implementation of the Trade Facilitation Agreement by Morocco, as discussed earlier, and also the inclusion of a number of trade facilitation measures in the country’s free trade agreement with the United States. Efforts to improve trade facilitation began as early as 1986, when a national commission for the streamlining of foreign trade procedures was created as part of the reforms of the trade regime in Morocco. During the 2000s, Morocco focused on improving the port system in order to develop its global competitiveness. In 2006, Morocco adopted its first national plan for the streamlining of trade procedures.

A. Establishment of PortNet

As part of these efforts, in 2008, the Moroccan National Ports Agency launched a project to create a single-window platform for the country's foreign trade. Accordingly, in 2012, PortNet was set in place as the national single window platform on trade procedures and its mandate was expanded from ports to all points of trade exchange, thereby transforming PortNet into national single window for foreign trade. Overall, PortNet aims to create an information infrastructure to link all different entities involved in foreign trade (customs, ports, shipping agents, traders, banks, public authorities and others) in order to facilitate paperless trading and value chain integration. PortNet was created as a limited liability company with capital from both the public and the private sectors. The public partners in PortNet include the Moroccan Agency for Logistics Development, the National Ports Agency, the National Agency for the Regulation of Telecommunications and the National Business Environment Committee. The private partners include the Moroccan Federation of Information Technologies, Telecommunications and the Offshoring and the Moroccan Exporters Association, in addition to terminal operators and banks. International partners in PortNet include UN/CEFACT and the International Port Community Systems Association (IPCSA).

PortNet aims to achieve a number of objectives, including:

- Integration of information systems
- Sharing of data from the foreign trade community
- Improved efficiency of the supply chain
- Acceleration of the movement of goods through automation of procedures
- Reduction of risks and processing times
- Improved visibility through better statistics and data
- Reduction of costs and delays of commercial and logistical operations

B. Digitization of customs procedures

Reaching a fully digitized and paperless foreign trade regime is a central objective for Morocco. The country has continued its digitization programme, based on the online customs clearance system known as the *base automatisée des douanes en reseau*, or BADR, and other legislative and regulatory measures. The objective is to reduce the movement of paper documents and to improve clearance time for low-risk goods. Measures to this end include the following:

- Introduction of the green circuit, which consists of setting up a completely digitized customs clearance corridor based on an automatic risk management system
- Electronic payment of duties and taxes
- Digitization of bank guarantees, with the aim of replacing the authentication method with a secure electronic signature

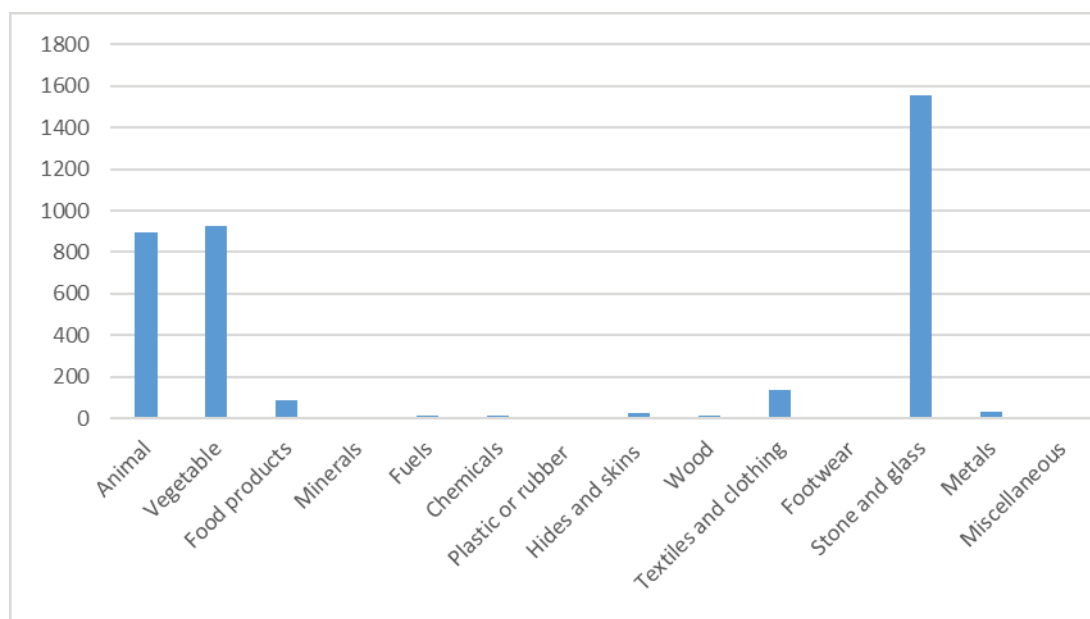
C. Advance processing and clearance of goods

To facilitate the advance processing and clearance of goods, Morocco has taken the following steps:

- Adopting and strengthening risk-based customs system in order to focus checks on high risk goods and facilitate the movement of low risk goods
- Adopting and implementing procedures for advance rulings on tariff classification of goods, their origin and methods of customs valuation
- Trade facilitation measures for authorized economic operators and supporting companies in their efforts to obtain this status

In addition, Morocco has adopted a number of institutional measures in the area of trade facilitation. These include setting up the National Coordinating Committee for the Facilitation of Foreign Trade Procedures, with a mandate to steer and coordinate the implementation of the Trade Facilitation Agreement and the related streamlining and facilitation measures. Another institutional reform has been the creation of the national business environment

Figure 37: Sudanese exports by product group, 2017 (millions of United States dollars)



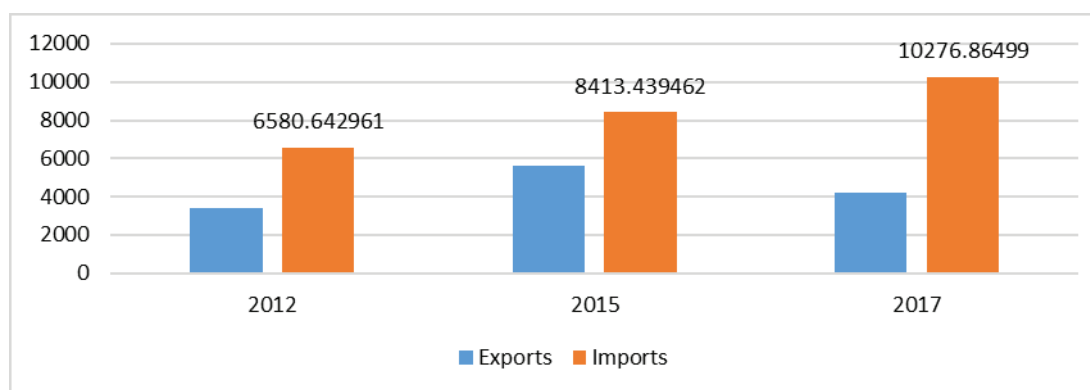
Source: UN Comtrade database 2019 (access through WITS).

committee, which is a public-private entity chaired by the Prime Minister which is in charge of coordination with different stakeholders to implement reforms related to the business environment.

Despite this progress, Morocco still faces a number of challenges related to trade facilitation, including the implementation of agreements such as the Trade Facilitation Agreement or the free trade agreement with the United States. Issues in this regard include coordination between customs and

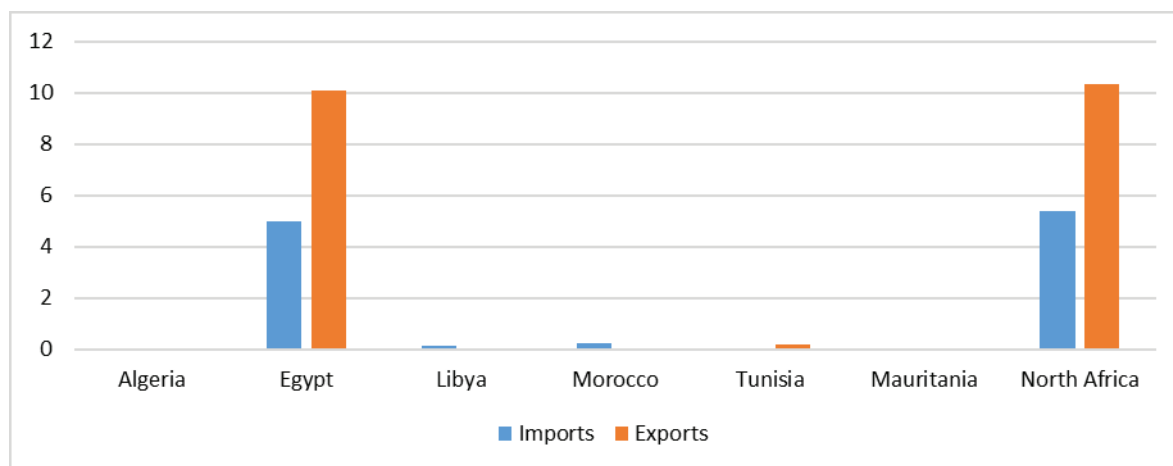
other control bodies (sanitary and phytosanitary control bodies, for example) and the ability of these different bodies to implement the needed changes at similar rates. Issues related to the human and financial resources needed for the implementation of these reforms have also been identified as a challenge. Other challenges include attainment of the target of moving to fully paperless trade by 2021 and also of improving the interoperability and mutual recognition of trade electronic documents with key trade partners.

Figure 38: Trade balance of the Sudan (millions of United States dollars)



Source: UN Comtrade database 2019 (access through WITS).

Figure 39: Share of Sudanese total exports and imports, 2017 (in percentages)



Source: UN Comtrade database 2019 (access through WITS).

G. Trade facilitation in the Sudan

As discussed earlier, the Sudan is one of the least open economies in the region in terms of the share of trade to GDP and also with regard to its exports. While traditionally dependent on the exports of oil, the secession of South Sudan in 2011 posed a major challenge to the foreign trade profile of the Sudan, as it led to a rapid decline in oil exports, since the majority of oil production was in the area of the country that seceded. As a result, total Sudanese exports declined by more than a half in a very short period. Consequently, the focus on promoting non-oil exports and diversifying the economy has gained massively in importance in recent years. As a result, attention to trade facilitation in the Sudan has also grown in recent years, in order to promote non-oil exports and lower the cost of trade. Sudanese exports are relatively small by regional standards. In addition to fuel, the Sudan today exports animals, vegetables, and stone and glass. More specifically, the country exports gold, sheep and goats, seeds, and other products mostly of a primary nature.

While the secession of South Sudan has led to a major decline in Sudanese exports, Sudanese imports have continued to grow in recent years. This expansion has resulted in growing trade deficit and growing pressure on the economy and the currency in recent years.

Where its exports are concerned, China, Egypt, Saudi Arabia and the United Arab Emirates were the key import markets for Sudan in 2017, with the United Arab Emirates accounting for 40 per cent of all Sudanese exports. With the exception of Egypt, the Sudan has very limited trade with the rest of the North Africa region. In terms of imports, Egypt is also the only relatively important partner for the Sudan in the region. Sudanese trade with the rest of the North Africa region is very limited.

In response to the country's limited trade both regionally and globally and the need to promote diversification of its economy and exports, in recent years the Sudan has started to pay more attention to issues related to trade facilitation. As the Sudan is not yet a member of WTO, it is not a signatory to the Trade Facilitation Agreement and is therefore not in the process of implementing the agreement. Nonetheless, the Sudan has been engaged in a process of liberalizing trade in recent years and is pursuing membership of WTO, with negotiations resuming in 2017 after more than a decade of little progress. As part of these efforts, the Sudan has been collaborating with WTO and other international agencies in the area of trade facilitation. In effect, the Sudan has been working to implement the Trade Facilitation Agreement despite not being a signatory.

The first efforts by the Sudan in the area of trade facilitation began in the late 2000s with Sudanese participation in meetings and workshops on the issue with WTO, UNCTAD, the Economic and Social Commission for West Asia and other international

organizations. An important factor driving these efforts was the severe congestion at Sudanese ports, which led the Government to set up a committee to address this problem and to work on the issue of trade facilitation more broadly. A needs assessment and priorities workshop funded by WTO took place in 2009. In subsequent years, the Sudan worked with the UNCTAD national trade facilitation implementation plan on issues related to trade facilitation, in particular in the context of the country's effort to join WTO. The Sudan also participated in a United Kingdom-funded WCO-UNCTAD capacity-building project that aimed at supporting developing and least developed countries in implementing the provisions of the Trade Facilitation Agreement.

In 2010, a permanent ministerial committee on trade facilitation was established by the Sudanese Government, as mandated by article 23 of the Trade Facilitation Agreement. The committee is chaired by the Minister of Trade and includes among its members a number of deputy ministers (transport, health, agriculture, finance and other portfolios), the director of Sudanese customs, the director general of the seaports authority, the director of the Sudanese Standards and Metrological Organization, and representatives of the private sector. The committee's mandate includes the introduction of information technology in trade procedures, the digitalization of trade documents, the coordination of government agencies responsible for foreign trade and the private sector, and the preparation of a guide on procedures for border agencies.

In addition, a national working group on trade facilitation was established in the Sudan in 2011. For its part, this body is focused on the technical aspects of trade facilitation. It is chaired by the director of customs and its members include a number of private and public stakeholders involved in trade facilitation, including representatives of key ministries, of the Central Bank of Sudan, of the Seaports Authority and of the civil aviation authority, in addition to private sector members, including representatives of business associations, chambers of commerce, chambers of industry, shipping agents and customs clearing agents. The mandate of the working group is to coordinate the implementation of trade facilitation policies and meas-

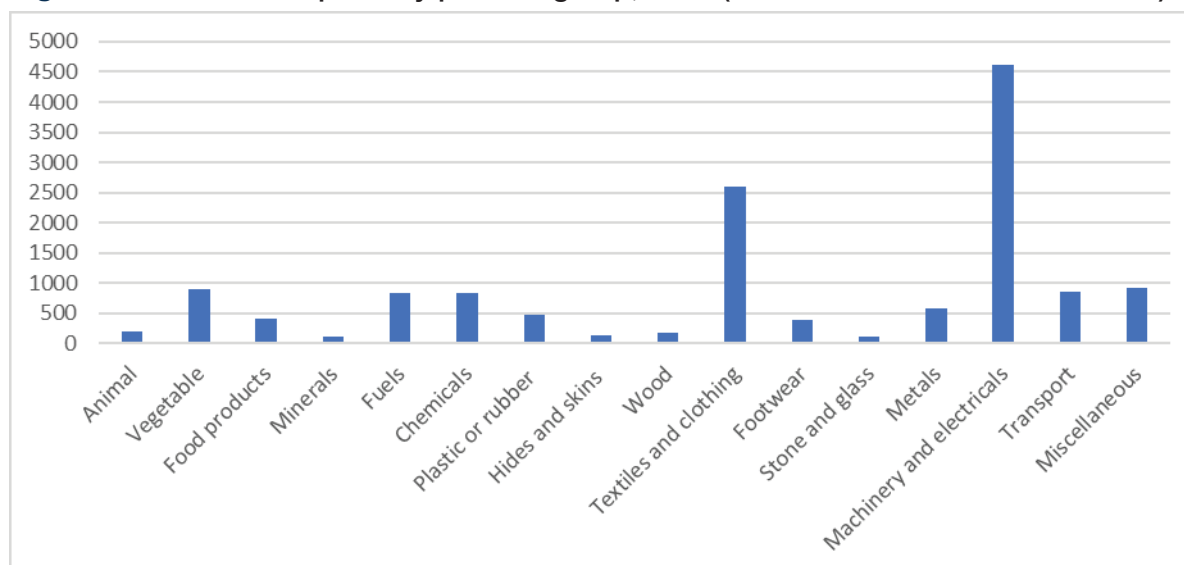
ures, organize needs-assessment workshops, and follow up on progress in the implementation of the Trade Facilitation Agreement.

In 2016, a national trade facilitation road map for the period 2017–2021 was prepared as part of the United Kingdom-funded WCO-UNCTAD programme. The overall objective of the road map is to reduce import and export timelines by 40 per cent, remove unnecessary costs for traders and lead to an increase of at least 25 per cent in export volumes by 2021. The road map includes six main goals:

- Mainstream trade facilitation into the Sudanese development policy
- Reduce export and import timelines by 40 per cent
- Reduce import and export costs by 10 per cent
- Reduce the average number of documents required for import and export of the 10 key products by 20 per cent
- Implement at least 70 per cent of the measures of the Trade Facilitation Agreement
- Foster paperless trade by electronically connecting trade border agencies and by providing the possibility of using e-payment at all border posts

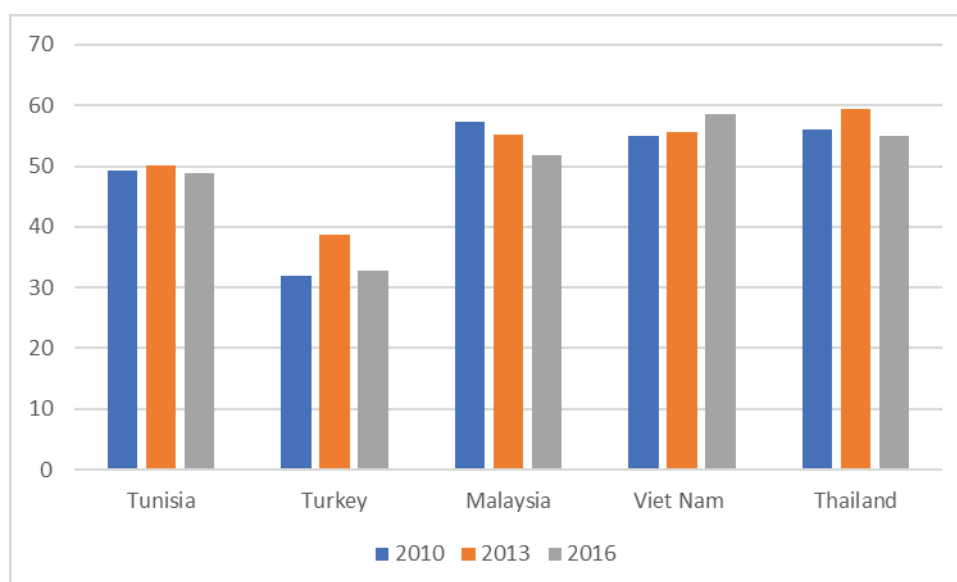
To achieve these goals, the road map identifies 31 activities that should be carried out before 2021 and lists the key agencies responsible for the implementation of those activities. The activities are divided into, first, quick wins, which are activities that require low to medium effort and can be accomplished in the short term with moderate impact on the goals performance indicators; second, leverage activities, which require medium to high effort and can be accomplished in the mid-term and have considerable impact; and, third, strategic activities, which require greater effort and can be accomplished in the long term and have high impact on goals. The road map also includes an implementation schedule for these activities. Risks for the implementation of activities are also identified.

Figure 40: Tunisian exports by product group, 2017 (millions of United States dollars)



Source: UN Comtrade database 2019 (access through WITS).

Figure 41: Foreign value added as a share of exports in electrical equipment (in percentages)



Source: Trade in value added database, OECD-WTO, 2019.

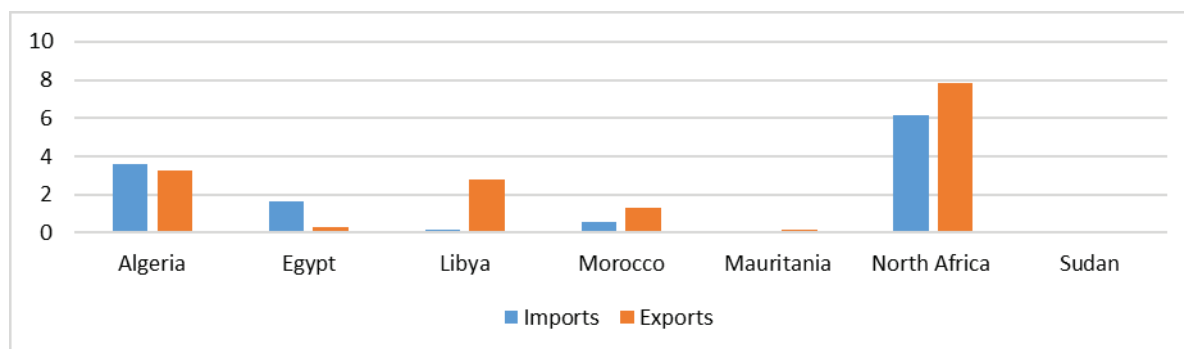
H. Trade facilitation in Tunisia

Tunisia is one of the more open economies in the North Africa region. Manufactured exports are an important part of the Tunisian economy and, like Morocco, Tunisia is highly integrated in European-oriented value chains. As a result, trade facilitation, for both imports and exports, is seen as an important issue for the Tunisian economy if the country is to boost its position in these value chains. In addition, Tunisia is a member of WTO and signatory to the Trade Facilitation Agreement. Tunisia is also negotiating a deep and comprehensive free trade agreement with the European Un-

ion, which will include additional trade facilitation commitments. Furthermore, in the light of the negative effects of trade dependence on Europe which were so evident in recent years, there is interest in Tunisia in improving the country's trade infrastructure and trading relations with other partners in order to diversify its economy and its exports.

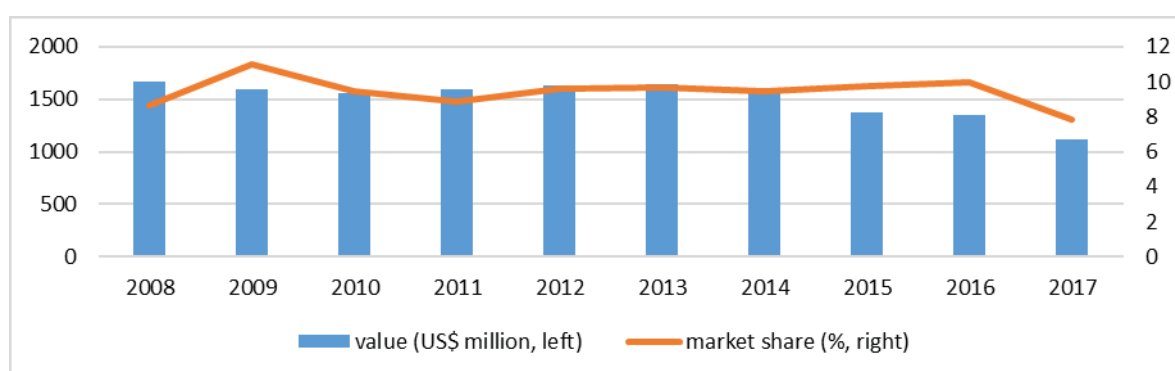
In terms of exports, Tunisia is one of the most industrialized economies in the North Africa region. With relatively limited natural resources, the country is mainly dependent on the manufacturing sector, in addition to tourism. Sectors such as apparel and electronic equipment have grown over the

Figure 42: Share of Tunisian total exports and imports, 2017 (in percentages)



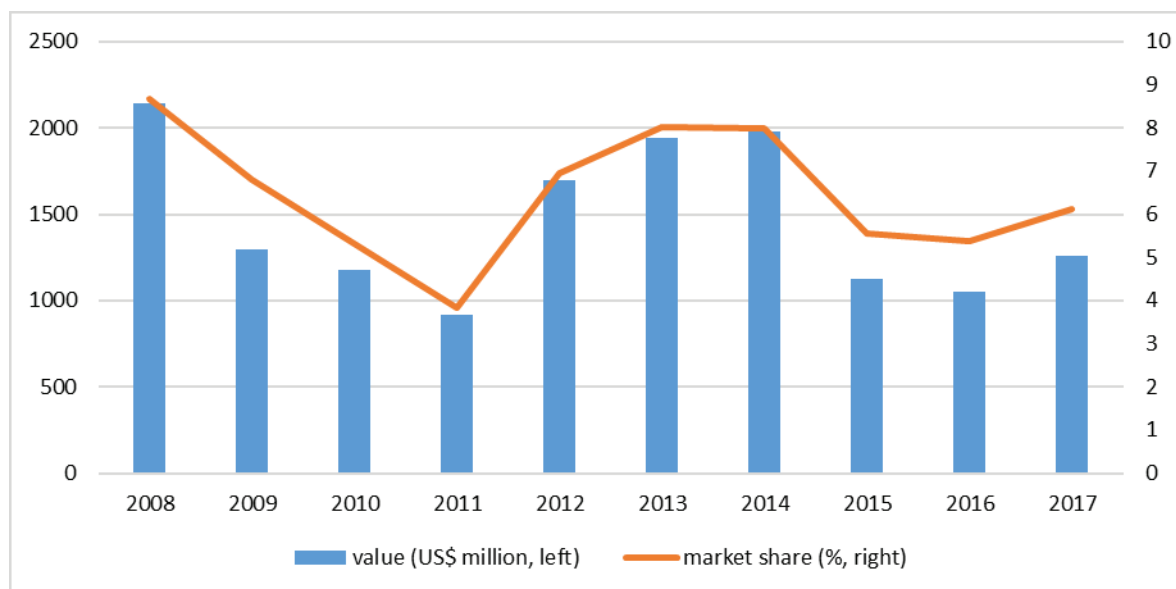
Source: UN Comtrade database 2019 (access through WITS).

Figure 43: Tunisian exports to North African partners (market share and value), 2008–2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 44: Tunisian imports from North African partners (market share and value), 2008–2017



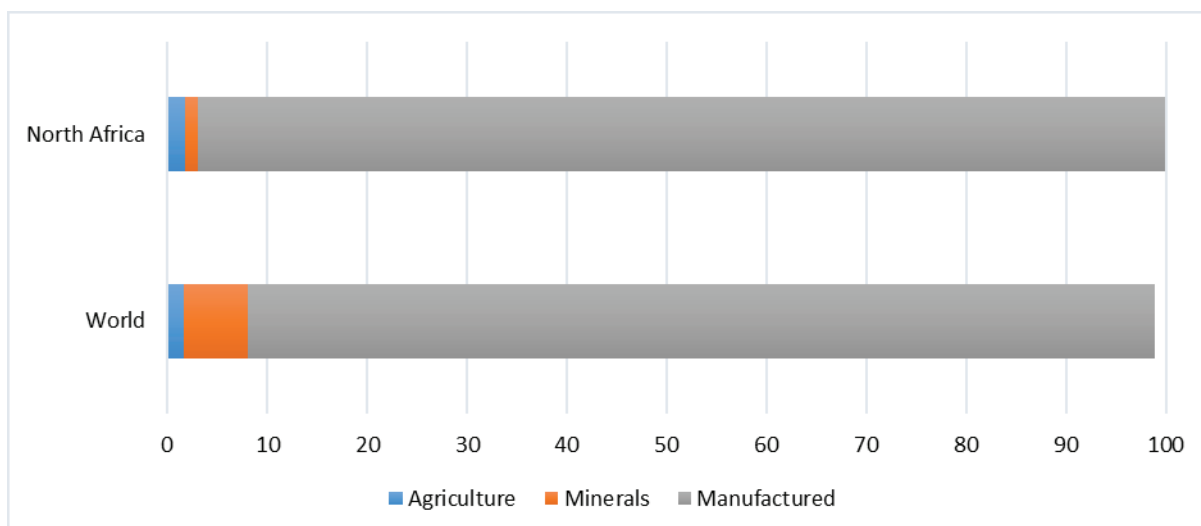
Source: UN Comtrade database 2019 (access through WITS).

last few decades to provide the bulk of Tunisian exports today.

Similar to the case of Morocco discussed above, an important factor driving the expansion of Tunisian manufacturing exports was the country's ability to

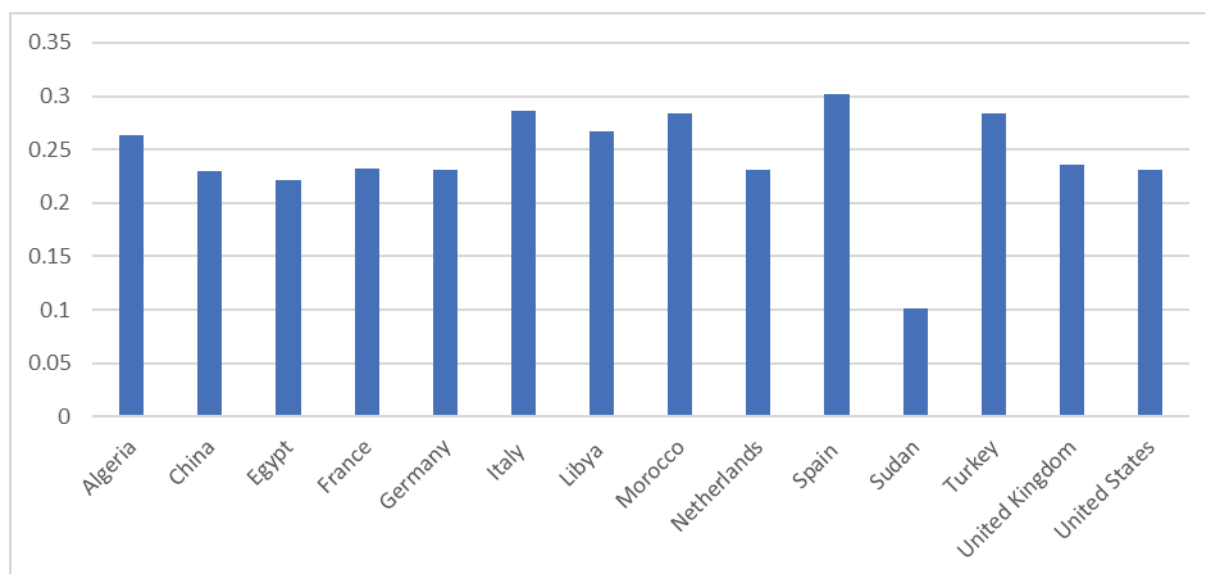
take advantage of proximity and preferential access to the European market in order to build industries that focus on that market. As with Morocco, in Tunisia foreign input is an important part of some those industries. In the electrical equipment industry, for example, around half of Tunisian ex-

Figure 45: Composition of Tunisian exports by market, 2017



Source: UN Comtrade database 2019 (access through WITS).

Figure 46: Liner shipping bilateral connectivity index of Tunisia, 2017



Source: United Nations Conference on Trade and Development, UNCTADstat, 2019.

ports are foreign value added, a proportion higher than that in countries such as Turkey and slightly lower than some Asian competitors.

Tunisia is highly dependent on trade with the European Union and with France and Italy in particular. As a result, trade with other North African partners is generally limited, although higher than that of Mauritania and Morocco, for example. The rest of North Africa accounts for 6 per cent of Tunisian imports and 7.8 per cent of the country's exports.

The share of North Africa in Tunisian exports has declined in recent years after increasing during the first few years of the 2000s.

For their part, Tunisian imports from North Africa fluctuated over the last decade.

While manufacturing dominates Tunisian exports overall, the share of manufactured products in Tunisian exports to North Africa is higher than their share in Tunisian exports to the world.

Tunisian trade is heavily reliant on maritime operations. Tunisia has a number of ports, most im-

portant of which is the port of Rades. The country's level of connectivity is weaker than that of Egypt and Morocco.

Despite the importance of foreign trade to the Tunisian economy and the relative openness of the economy compared to that of other countries in the North Africa region, Tunisia faces a number of challenges to its efforts to improve its trade facilitation regime and meet the conditions of the Trade Facilitation Agreement. Key among these challenges are the following:

- Cumbersome documentation requirements for customs clearance; complex nomenclature system; and different rules of origin systems (and the requirement to provide proof of origin).
- Lack of reliable, up-to-date and simplified information.
- Major obstacles to the smooth flow of agricultural trade posed by physical customs control and phytosanitary control, involving slow procedures and checks which are not risk-based, leading to delay in the movement of goods.
- Issues related to transport infrastructure, in particular the ports infrastructure: despite their favourable location on the Mediterranean Sea, Tunisian ports lag behind a number of regional competitors in terms of capacity and efficiency. Rades, the main port in Tunisia, is not very efficient as it was originally designed for roll-on-roll-off vessels designed to carry wheeled cargo and mobile cranes to deal with lift-on-lift-off container cargo were only added later. This design shortcoming has led to issues related to efficiency and the resulting congestion has caused delays and high inventory costs.
- Limited development of land transportation networks: as trade with Europe dominates Tunisia trade, the dominant mode for the movement of goods is maritime. Land transport with trade partners is underdeveloped, although the country's road infrastructure and railway network could be an important resource for the development of trade with regional partners such as Algeria.

During the period 2000–2010, Tunisia adopted a number of measures related to trade facilitation. One of these was the creation of the Tunisia Trade Net electronic platform linking the different stakeholders involved in foreign trade (customs, ports, banks, traders and others). A two-phase export support programme, over the periods 2000–2005 and 2005–2010, was implemented to tackle issues related to trade facilitation through a number of measures related to customs and standardization.

In recent years, the Tunisian economy has come up against a number of challenges related to the decline of exports to key European partners and the implications of the political instability in the country. Key among these was the logistics infrastructure, as demonstrated by a number of strikes in Tunisian ports. Another major factor behind this situation was the lack of a clear strategy related to tackling the issues facing Tunisian firms in terms of trade. In 2014, the Government adopted a concept note, entitled the "Note d'Orientation Stratégique", as a basis for the formulation of its next development plan. The note focused on five strategic areas: good governance; the creation of a dynamic hub economy; human development and social inclusion; regional development; and green growth. In 2017, the Tunisian parliament approved the five-year development plan, which included a number of policies in different areas. An economic and social road map for the period 2018–2020 was also adopted. Tunisia is cooperating with the World Bank in a number of these areas, through the \$500 million Tunisian investment, competitiveness and inclusion programme, which was launched in 2018.

Significant steps taken under this cooperation framework include reforms to the Tunisian customs regime, including through the strategic plan for the period 2016–2020. The reforms are part of the country's commitments under the Trade Facilitation Agreement but are also driven by the aspiration to curb the high levels of corruption in Tunisian customs. The reforms include a number of activities related to the digitalization of customs procedures, the streamlining of regulations and procedures, and upgrading the equipment used by customs, in addition to the conduct of training programmes. The reforms focus on creating a single window for customs and on introducing the electronic processing of documents. The Tunisian

investment, competitiveness and inclusion development policy framework adopted in collaboration with the World Bank also focuses on customs reforms.

Efforts are also under way to improve the country's maritime infrastructure. As maritime shipping is key to trade by Tunisia with its European partners, there are a number of projects that aim at improving the maritime infrastructure in order to lower shipping costs and delays. Significant among these is the plan for a new deep-water port in Enfidha. The congestion and delays at the port of Rades have led since 2010 to the idea of establishing a new deep-water port at Enfidha. The plans are for a port that could handle large vessels with a capacity of 18,000 containers and that would include docks for containers and docks for break-bulk shipments. An adjacent logistics zone of 3,000 hectares is also planned. In 2019, the Tunisian Minister of Transport, Hichem Ben Ahmed, announced the beginning of the construction of the port. Attention is also being given to upgrading the port of Rades, with plans to build a logistical zone to increase the port's warehousing capacity.

I. Regional cooperation in trade facilitation

While regional cooperation in the area of trade facilitation remains limited, a number of initiatives are worth mentioning.

A. EuroMed Trade and Investment Facilitation Mechanism

This facility was launched in 2017 with funding from the European Union. It is operated as a

help desk run by ITC and is designed to facilitate trade between the European Union and its southern Mediterranean partners, enhance economic integration between these partners, improve trade transparency, and create an online portal of trade-related information. The help desk provides country-by-country information related to tariffs, import and export procedures, and market requirements. Traders can submit enquires to the help desk, which are answered by national focal points. The service is available in English, French, Arabic and Turkish and covers European Union member States, in addition to Algeria, Egypt, Lebanon, Israel, Jordan, Morocco, Palestine, Tunisia and Turkey.

B. Trade facilitation in the Agadir Agreement

The Agadir Agreement is a free trade agreement between Egypt, Jordan, Morocco and Tunisia. The agreement was signed in Rabat in 2004 and came into force in 2007. Generally speaking, the Agadir Agreement does not include strong provisions on trade facilitation. It does, however, include a number of relevant measures related to rules of origin and sanitary and phytosanitary procedures. In the last two years, the States party to the agreement have begun negotiations of an additional trade facilitation agreement between these countries. A working group on the issue of trade facilitation has been created and the objective is for the new agreement to follow the model of the Trade Facilitation Agreement but to go further in terms of its trade facilitation provisions. In 2019, the States parties to the Agadir Agreement agreed to create national focal points for trade facilitation.

VI. Conclusions and policy recommendations

This report undertook to analyse recent developments in the area of trade facilitation, focusing on the North Africa region and, individually, on different countries within the region, in the recent push to incorporate trade facilitation in international agreements. Trade facilitation has emerged as an issue of international importance in the light of a number of economic changes, in particular the rise and expansion of trade through global value chains and the general decline in tariffs in recent decades. In order to limit trade costs and to enable the swifter provision of logistic support, a number of policies have been adopted by a number of countries, including at the multilateral level through the Trade Facilitation Agreement.

In company with other developing regions, North Africa faces a number of challenges relating to trade facilitation. Country-level studies demonstrate the prevalence of barriers to trade involving both hard

and soft trade facilitation issues. Where hard issues are concerned, many countries in the region lack modern infrastructure networks that facilitate trade, reduce its costs, and speed up shipping. While some economically more open countries in the region, such as Morocco, have developed a relatively efficient maritime shipping infrastructure, land shipping across the region remains weak and fragmented, contributing to the very low level of intraregional trade in North Africa and maintaining the status quo, where the European Union remains the main trading partner for many countries in the region. In terms of soft measures related to trade facilitation, many countries are still facing major challenges related to lack of clarity on procedures, limited digitalization of documents, delays in processing, and others.

More attention is being paid to the issue of trade facilitation in North Africa. The particular focus of

Table 10: Key trade facilitation agreements and projects in North Africa

Country	Signatory to Trade Facilitation Agreement and other agreements	Key trade facilitation institutions	Key projects relevant to trade facilitation
Morocco	WTO Trade Facilitation Agreement, free trade agreement with the United States, Agreement Establishing the African Continental Free Trade Area	National committee on trade facilitation National Coordinating Committee for the Facilitation of Foreign Trade Procedures	PortNet
Mauritania	WTO Trade Facilitation Agreement, Agreement Establishing the African Continental Free Trade Area		Strategy for accelerated growth and shared prosperity
Sudan	Agreement Establishing the African Continental Free Trade Area, COMESA	National committee on trade facilitation National working group on trade facilitation	Trade facilitation road map 2017–2021
Egypt	WTO Trade Facilitation Agreement, Agreement Establishing the African Continental Free Trade Area, COMESA	National committee on trade facilitation EgyTrade	
Tunisia	WTO Trade Facilitation Agreement, Agreement Establishing the African Continental Free Trade Area, negotiations with the European Union for a deep and comprehensive free trade agreement	National committee on trade facilitation	Tunisia Trade Net Tunisia Investment, Competitiveness and Inclusion programme Tunisian customs strategic plan 2016–2020
Algeria	Agreement Establishing the African Continental Free Trade Area	ALGEX National Consultative Council for Promotion of Exports	National export strategy

Source: Author's compilation.

this attention reflects the different economic position of countries in the region. For countries such as Algeria, Mauritania and the Sudan, trade facilitation is seen as an important component of efforts to diversify the economy and to promote exports and integrate in global value chains, in particular in the manufacturing sector. For countries such as Egypt, Morocco and Tunisia, which have already achieved a degree of industrialization and integration in global value chains, trade facilitation is seen as a way to maintain and boost their competitiveness in these chains and to achieve upgrading within them. A summary of key trade facilitation projects in North Africa and of the key trade facilitation agreements may be seen in table 10 below.

A number of policy recommendations may be put forward, based on the analysis set forth in this report:

- While attention to trade facilitation is growing in the region, there is a degree of risk in treating the issue as a stand-alone economic policy. As discussed earlier in this report, trade facilitation is unlikely to lead to positive impacts unless it is linked to broader economic policies that target the capabilities of firms to export and aim to develop their ability to upgrade in the global market. Issues such as access to finance and technological capabilities are widespread factors in the region hindering the ability of firms to upgrade their position in global value chains. As a stand-alone strategy, trade facilitation is unlikely to address such constraints. Similarly, trade facilitation should be closely linked to policies on infrastructure and transport. As such, there is need at national and regional levels to incorporate trade facilitation in broader economic and export strategies.
 - As discussed in this report, trade facilitation covers a range of policies from infrastructure investments to customs procedures to other administrative rules. Accordingly, and considering the limited resources available to countries in the region, there is need to develop a targeted approach to trade facilitation. Such an approach will prioritize measures that are more effective in boosting exports and in facilitating imports of parts and components that are important for such exports. Focus should
- be placed on trade facilitation measures that could promote activities with higher potential for export diversification, jobs and technological upgrading. This focus could be linked to the national economic strategies of each country.
- Given the extensive role played by micro, small and medium-sized enterprises in the economies of North Africa, a key focus of this targeted approach should be trade facilitation measures that are more useful for micro, small and medium-sized enterprises in particular. This focus on micro, small and medium-sized enterprises is likely to result in more firms undertaking export activities for the first time, thereby widening the economic benefits of international trade and social benefits in terms of employment and wages.
 - A key priority should thus be to identify trade facilitation measures that promise to be more effective in terms of their overall economic and social benefits. Some key issues relating in this regard to micro, small and medium-sized enterprises are identified by studies cited in this report and it is important to understand these issues in the context of North Africa. Firm-level surveys of the key issues faced by firms in the region in relation to trade facilitation will be extremely useful, in particular if such surveys focus on barriers to regional trade and regional value chains. A focus on micro, small and medium-sized enterprises in these surveys will help to address issues that are more relevant to those enterprises and that promise to widen their economic and social benefits.
 - Digitalization offers an important opportunity to improve trade facilitation and limits its costs, in particular in relation to micro, small and medium-sized enterprises. Most countries in North Africa are adopting programmes to digitize trade procedures and share information online. Boosting these programmes and focusing them on the needs of micro, small and medium-sized enterprises could be highly effective measures in lowering the costs of trade. The EuroMed Trade and Investment Facilitation Mechanism would furnish a useful platform for that purpose, but not all countries in North Africa are part of this mechanism.

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- In addition to the effectiveness of different measures, the cost of implementing trade facilitation measures needs to be factored in. As discussed earlier, some trade facilitation measures carry huge costs, while others are relatively cheap to implement. Accordingly, the benefits need to be balanced against the costs of these policies. The approach used in the Sudanese trade facilitation road map of dividing policies into short term quick wins, medium-term leverage measures, and long-term strategic approaches could be used as a means of balancing the costs and benefits.
 - Regional cooperation in trade facilitation needs to be boosted. While most countries in the region are adopting trade facilitation measures, the implementation approach is generally fragmented. Some countries, which are strongly integrated in the global economy, such as Morocco, are at an advanced stage in terms of the institutional design and the implementation of their trade facilitation system. WTO member States are also in the process of implementing the Trade Facilitation Agreement. Other countries in the region, which are not members of WTO, have, however, taken a different approach to trade facilitation. The Sudan, for instance, has been working to implement the Trade Facilitation Agreement, despite not being a signatory. Countries in the Agadir group are engaged in increasing collaboration on the issue, including through negotiating a trade facilitation agreement. Not all countries in North Africa, however, are part of the group. This could create a barrier to the flow of goods, especially when transiting through countries that are not within the Agadir group.
 - A regional strategic road map for North Africa should be developed with input from different countries and stakeholders. An institutional framework for the adoption and implementation of such a road map could be developed. Lessons from other regional blocs such as ASEAN should feed into this road map and could help to specify the key policies that proved to be effective. Developing specific objectives related to reductions in trade costs and the promotion of regional trade may offer useful ways of monitoring the implementation of this road map. Institutional arrangements for this regional cooperation need to be put in place. Overall, the strategy should recognize that countries in the region are at different points in terms of trade facilitation and integration in global value chains and that costs and benefits to each country in the short term could be lower or higher but that, in the long term, all countries are likely to gain from such a strategic road map. Arrangements for institutional experience-sharing and collaboration around issues such as the ease of doing business index, the Logistics Performance Index and international good practices would help improve overall regional gains. This is of particular importance, considering that some countries in the region are part of broader agreements on trade facilitation, such as the Trade Facilitation Agreement, while others are not. ECA could lead an effort to develop such a strategy by developing a matrix of reforms that both include policies related to issues such as digitalization and coordination and also set in place institutional mechanisms for regional cooperation, sharing of experiences, and coordination.
 - A key focus of this strategic road map should be the promotion of regional value chains. As demonstrated by the experience of East Asia and South-East Asia, the creation of regional linkages opens up an important avenue to reaping the benefits of integration in global value chains. Such regional networks are limited in North Africa. The trade facilitation road map should be linked with the continuing efforts to promote regional trade and global value chains by identifying key regional logistics corridors that are key to specific regional chains and to focus trade facilitation policies on these corridors, following prioritization of the most effective measures. Measures to establish a regional single window in order to facilitate such obstacles should be explored.
 - As the region works to promote regional value chains that will yield wider economic and social benefits, the role of transparency and predictability needs to be given close attention. The analysis shows that, compared to other parts of the world, the North Africa region lags behind in terms of providing transparency

and predictability to traders and producers. In a world of just-in-time value chains, this poses a major hurdle to regional value chains. Transparency and predictability in issues such as trade policy, custom procedures and standards should be key focus areas in the regional approach to trade facilitation. The experience of other regions, including some of the examples in this report, can provide important lessons in this regard.

- In view of the dependence of most countries in the region on trade with the European Union, the maritime shipping links of those economies tend to be far more developed than their land-based networks. These includes the port infrastructure, the location of industrial zones in coastal areas, and the associated road networks. Regional trade facilitation can be an important part of a broader programme to diversify the trade of the North African economies, boost regional value chains and rebalance the economies of many countries in the region by creating trade opportunities for firms in the less developed areas of countries, leading to positive impacts on poverty, inequality and inclusive development. **Focus on the regional road infrastructure and rail networks** should be an important part of such a broader economic and social development plan.

In addition to these regional policy recommendations, the country-level analysis conducted in the preparation of this report, including discussions with national experts, highlighted a number of key areas for each country in the region:

- In the case of **Algeria**, improvements in the overall trade climate and higher predictability and transparency in respect of trade policy are needed. The private sector should be more involved in trade facilitation. Attention must also be given to the need for better data collection on the performance of firms in terms of trade logistics, such as modes of transport, key barriers and other factors. Improving performance measures such as time spent at ports and performing bureaucratic procedures should also be a focus and efforts should be made, in particular, to reduce paperwork and move towards electronic documentation through the

one-window system. Cooperation with the Republic of Korea on these issues in recent years could provide important policy lessons and speed up upgrading processes.

- In the case of **Egypt**, problems caused by onerous administrative procedures were highlighted as an issue across the trade facilitation infrastructure. Despite the progress achieved in introducing measures such as electronic processing, single windows and other information technology applications, major challenges continue to impede implementation of these solutions, including inconsistency and delays.
- In the case of **Mauritania**, ways in which trade facilitation measures could contribute to the diversification of the economy and the country's export portfolio in terms of products and markets have been highlighted. The recent progress achieved in the country in the area of trade facilitation needs to be linked to its broader efforts of industrialization and diversification. Regional coordination with North African partners is crucial for Mauritania to achieve those objectives.
- In the case of **Morocco**, substantial progress has been achieved in recent years in the area of trade facilitation. In a number of ways, the Moroccan experience can provide useful lessons to the rest of North Africa, in particular with regard to the integration of trade facilitation policy in broader industrial policy and the participation of the private sector in that process. Moroccan experts, however, have also highlighted important areas where more work in Morocco is needed, such as digitalization, administrative procedures and risk management.
- In the case of the **Sudan**, major barriers related to trade and logistics remain in place. More broadly, the cost of doing business is still substantially high and improvements are needed to promote export industries and diversification. Recent efforts in the area of trade facilitation need to be more closely linked to broader strategy around these issues but some of these efforts, such as the country's trade facilitation road map, provide interesting policy frameworks for dealing with trade facilitation.

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- In the case of **Tunisia**, issues such as administrative procedures, infrastructure and long delays were highlighted as major barriers to improving trade facilitation in the country. Improvements in logistics and infrastructure are needed but policies in such areas as training, private sector participation and electronic processing should help to bring improvements with low-

er financial costs. Despite the country's relative success in industrialization and promoting the manufacturing sector, improvements in trade facilitation are crucial to diversification of the Tunisian economy, the creation of new markets and the upgrading of its position in global value chains.

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