

# Africa loses revenue in poor border procedures – report

Dorothy Nakaweesi shares the areas that would contribute the most to lowering trade costs in Sub-Saharan Africa.

Revenue losses from inefficient border procedures in some African countries are estimated to exceed 5 per cent of the Gross Domestic Product.

According to the 2013 Organisation for Economic Cooperation and Development (OECD) study, reducing global trade costs by 1 per cent would increase worldwide income by more than \$40 billion (Shs144 trillion), with developing countries being the biggest beneficiaries.

Mr James Kisaale, an assistant commissioner with the Uganda Revenue Authority, speaking during the opening session of the one-day roundtable on trade facilitation last week in a Arusha-Tanzania, said: "The areas that would contribute the most to lowering trade costs in Sub-Saharan Africa were formalities, namely automation, the simplification and harmonisation of documents and information availability."

The regional roundtable brought together EAC development partners as well as Customs and Trade experts from the EAC Secretariat and partner states' Ministries of Trade to review and fast-track the implementation of the World Trade Organisation (WTO) Agreement on Trade Facilitation (TFA).

Opening the roundtable, the EAC director general (DG)-Customs and Trade, Mr Kenneth Bagamuhunda, said trade facilitation was an integral part of the EAC Customs Union Protocol which provides for reduction in the number and volume of trade documents.

"Trade Facilitation Agreement also provides for the adoption of common standards of trade documentation and procedures, coordination and facilitation of trade and transport activities. There is also the reviewing of procedures adopted in international trade and transport facilitation with a view to simplifying and adopting them for use in the EAC," Bagamuhunda, said.

Mr Bagamuhunda disclosed an EAC Trade and Facilitation Sub-Committee has been established to, among other things, supervise the implementation of the WTO TFA at regional and national levels.

He added that regional and national implementation plans for the WTO TFA have been finalised and adopted by the policy organs.

"Amendments of regional laws, regulations and procedures; development of project proposals for resource mobilisation, and sensitisation of stakeholders is currently underway," added Mr Bagamuhunda.

He cited the Single Customs Territory (SCT) and the interconnectivity of customs systems among some of the key TFA components that have been implemented by the EAC.

"The SCT provides for the free circulation of goods, reduces cost of doing business, reduces Non-Tariff Barriers, ensures competitiveness, boosts business predictability and promotes investment," he said,



Travelers line up to be cleared at Mirama-Kagitumba border post. The border point is expected to remove clearance delays that have been witnessed at the border. PHOTO BY ERIC DOMINIC BUKENYA

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ESTIMATED AMOUNT BY WHICH WORLDWIDE INCOME WOULD INCREASE IF GLOBAL TRADE COSTS FELL BY 1%

adding that SCT is premised on the use of electronic systems.

Other components already implemented are: The establishment of One-Stop Border Posts; harmonisation of standards, reduction of Non-tariff barriers, and; publication of the EAC Trade and Investment report.

Mr Arthur Mattli, Switzerland's Representative to the EAC, said bureaucratic delays and 'red tapes' pose an unnecessary and expensive burden for moving

goods across borders for traders.

Mr Mattli said the TFA would help developing countries diversify their exports and tap into global value chains.

He disclosed that Switzerland had so far disbursed \$3.5 million (Shs12.6 billion) as part of its contribution to the TFA's Trade Facilitation Support Programme, a multi-donor programme of the World Bank Group's Trade and Competitiveness Global Practice which provides support for countries seeking assistance in aligning their trade practices with the WTO TFA.

"Every country is eligible to receive support under the programme. Eligible countries are expected to have demonstrated a strong commitment to implementing trade facilitation reforms in areas covered by the WTO TFA. More the support programme will prioritise assistance to countries with other limited access to other donor support," said Mattli.

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