

# AID-FOR-TRADE CASE STORY

UK

## Establishing a Regional Non-Tariff Barrier Reporting and Monitoring Mechanism

**Date of submission:** 31st January 2011

**Region:** Eastern and Southern Africa

**Country:** ESA Region

**Type:** Programme

**Author:** TradeMark Southern Africa

**Contact Details:** PO Box 317, Persequor Park, Pretoria 0020, South Africa  
info@trademarksa.org

# Establishing a Regional Non-Tariff Barrier Reporting and Monitoring Mechanism

---

## Table of Contents

### *Executive Summary*

1. Issues Addressed
  2. Objectives Pursued
  3. Design and Implementation
  4. Problems Encountered
  5. Factors for Success/Failure
  6. Results Achieved
  7. Lessons Learned
  8. Conclusion (applicability to other programs)
- 

### ***Executive Summary***

*COMESA, EAC and SADC, with technical and financial support from TradeMark Southern Africa, a DFID-financed programme, are implementing a web-based NTB reporting, monitoring and elimination mechanism which incorporates concrete timelines for the removal of NTBs. The mechanism enables stakeholders to report and monitor NTBs and to notify NTB national focal points to allow follow-up and action to be taken. It enhances transparency and easy follow-up of reported and identified NTBs. This is in conformity with the decisions of the Tripartite Summit of COMESA, EAC and SADC held in October, 2008 that reached agreement on the key areas of cooperation by the three RECs towards the eventual establishment of a FTA, with priority given to removal and monitoring of Non-Tariff Barriers.*

*The design and implementation of the NTB monitoring and removal system has involved the following steps:*

- *Create a systematic and transparent process for identification and elimination of barriers to trade in the Tripartite region;*
  - *Establish a regulatory framework for addressing all non-tariff barriers to trade to ensure cooperation by Member States;*
  - *Populate a NTB database; and*
  - *Address capacity constraints in Tripartite Member States for efficient implementation of the NTBs monitoring and elimination mechanism.*
- 

## **1. Issues Addressed**

Identification, removal and monitoring of Non-Tariff Barriers are priority areas for policy harmonisation and coordination under the COMESA-EAC-SADC Tripartite framework. The challenge continues to be how to eliminate non-tariff and other barriers to trade that contribute to the high cost of doing business across the region thereby inhibiting intra/inter-regional trade.

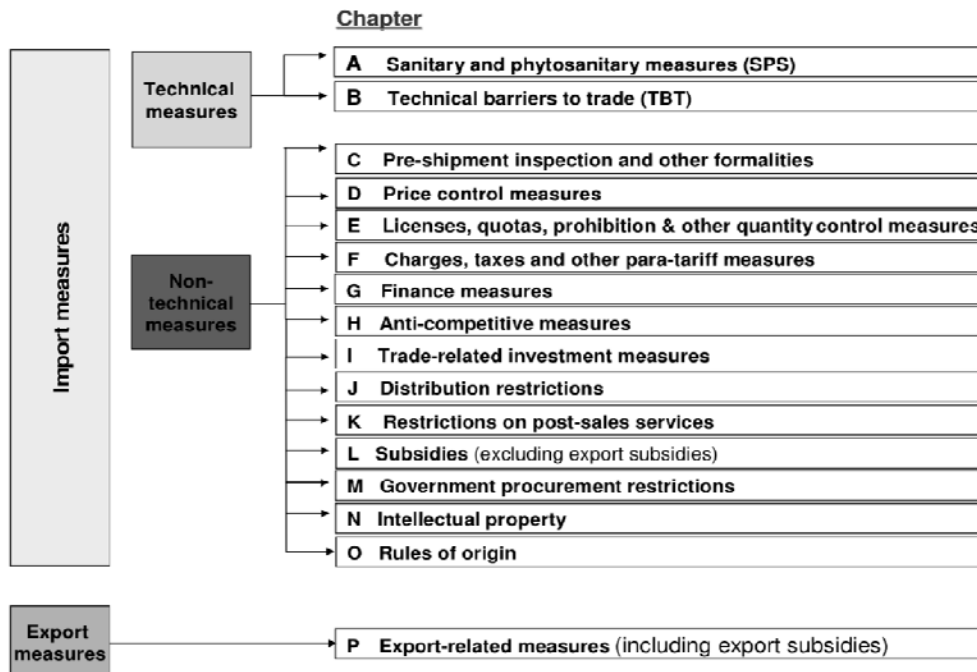
Legal instruments of the three Regional Economic Communities namely; Articles 49 and 50 of the COMESA Treaty, Articles 75 (5) of the East African Community Treaty and Article 6 of the SADC Protocol on Trade, provide for the elimination of Non-Tariff Barriers, and further prohibit the introduction of new ones. Article 10(1) of the Tripartite Agreement calls on Tripartite Member States to eliminate all existing NTBs to trade with other Member States and not impose any new ones. Nevertheless, and although the COMESA, EAC and SADC

Free Trade Areas have removed duties on substantially all goods traded within their territories, trade remains restricted by the existence of non-tariff barriers.

## 2. Objectives Pursued

It has been empirically demonstrated that the removal of tariff and non-tariff barriers between countries can lead to trade expansion. Intra-Tripartite export trade grew by over 250 per cent between 2000 and 2008, arguably, as a result of liberalisation of trade within each REC and, removal of NTBs will lead to increased levels of trade.

Most NTBs faced in the Tripartite region fall within the import measures sub-categories A,E,F,I,L,M and O of the UNCTAD/World Bank categorisation (as shown below).



The main objective is to remove all NTBs or at least the main NTBs that are restricting trade, these being:

- i) Customs documentation and administrative procedures – these include non-standardised systems for imports declaration and payment of applicable duty rates; non-acceptance of certificates and trade documentation; Incorrect tariff classification limited and uncoordinated customs working hours, different interpretation of the Rules of Origin and non-acceptance of the certificate of origin, application of discriminatory taxes and other charges on imports originating from member state; cumbersome procedures for verifying containerised imports.
- ii) Immigration procedures – including non-standardised visa fees; cumbersome and duplicated immigration procedures.
- iii) Quality inspection procedures – delays in inspection of commercial vehicles, cumbersome and costly quality inspection procedures, unnecessary quality inspections (including of products certified by internationally accredited laboratories); non-standardised quality inspection and testing procedures and varying procedures for issuing certification marks.

- iv) Transiting procedures – Non-harmonised transport policies, laws, regulations and standards e.g. road user charges, third party (cross border) motor insurance schemes, vehicle overland controls systems, vehicle dimensions and standards, cross border road permits and prohibitive transit charges.
- v) Road blocks – the most serious NTB under this cluster is that the police officers stop commercial vehicles at various inter country road blocks and at border crossing even where there is no proof that goods being transported are of suspicious nature such as smuggled goods or drugs.

### **3. Design and Implementation**

The three individual RECs (COMESA, EAC and SADC) have, in the past, developed different mechanisms to identify report and monitor elimination of NTBs and resolve disputes. These mechanisms have, to a great extent, identified all the common NTBs encountered in the region and the frequency at which they occur and attempted to facilitate resolution of the same through resolution at the Council of Ministers level and other consultative processes. The existing mechanisms that are in place were the starting points for the design of the on-line (web-based) Tripartite monitoring and reporting mechanism and the process for elimination is also based on existing mechanisms.

The mechanism for the reporting, monitoring and elimination of NTBs (NTB mechanism) establishes a common framework for the systematic elimination of NTBs within the Tripartite FTA arrangements. Technically, the on-line reporting and monitoring system ([www.tradebarriers.org](http://www.tradebarriers.org)) is a repository of all reported NTBs (in English, French and Portuguese), allowing information disseminating to all stakeholders (researchers, traders, exporters, importers, policy makers/administrators etc.) and more importantly, an interactive process for monitoring resolution of barriers by Tripartite Member States. It enhances transparency and easy follow-up of reported and identified NTBs. The mechanism is accessible to economic operators, government functionaries, secretariat experts, academic researchers and other interested parties and is administered by TMSA, REC NTB Units and National NTB focal points that have been allocated access passwords providing different levels of access into the system according to their responsibilities.

Enhanced access for REC and national Focal points enables them to have private conversations, share notes and working documents as they process resolution of barriers in the background. TMSA is the overall administrator with access into the whole system.

To enhance operations of the online system a NTB eliminating matrix indicating status of resolution of all outstanding NTBs by each Tripartite Member State is compiled and circulated to assist with internal consultations among relevant imposing/reporting institutions in the private and public sectors.

At national level, National Monitoring Committees (NMCs) are established, comprising public and private sectors, with the tasks of defining the process of elimination, mandates and responsibilities of the committee members, outlining the time periods for the various stages of elimination and removal of NTBs and resolving the reported barriers.

The mechanism takes into account the regional dynamics in play with regards to various instruments put in place by the individual RECs to address the NTBs in the region. A structured consultative process involving, when necessary, country missions by the Tripartite Secretariat (NTBs Unit) and or appointed Facilitator to resolve outstanding NTBs in a timely

manner are an integral part of the mechanism. The mechanism uses user friendly tools and structures that accommodate all levels of business, society and policy makers.

#### **4. Problems Encountered**

Challenges in removing NTBs within the regional trading arrangements often relate to gaps in the regional legal framework for the removal of NTBs and gaps in regional policy implementation at the national level, as Member States weigh the costs of implementation against immediate gains therefrom and take their time to put in place legislation necessary to facilitate implementation of regional commitments to address NTBs.

Other challenges include the following:

- The resolution processes are lengthy as communication goes back and forth between focal points, REC NTB units and the reporting stakeholder. The average period it takes to resolve a NTB is three months. However urgent NTBs are resolved somewhat faster than this average.
- The decisions and recommendations on a particular course of action towards resolution of an identified NTB are often bureaucratic as they need to be referred to a meeting of the REC policy organs (Council of Ministers) before they can be implemented.
- The regional regulatory framework needs to be negotiated and agreed on and these negotiations are done within the REC structures as well as within the Tripartite arrangement.
- There is often a lack of commitment by Member States to prioritise the elimination of NTBs even though it is generally recognised that the removal of these trade barriers would benefit the regional economy.
- There is a lack of financial and technical capacity in Member States to adequately address the removal of NTBs.

#### **5. Factors for Success/Failure**

The online reporting and monitoring mechanism has been adopted by all the three RECs, (COMESA, EAC and SADC) and the required NTB national structures have been established in Member States and this is one of the main factors for success for the MTB Mechanism.

A second factor for the success of the Mechanism has been the regional approach taken which also has the advantage of deepening integration at the Tripartite level.

A third factor for success is the availability of information on NTBs and the transparency of the system, coupled with an effective removal and monitoring system.

#### **6. Results Achieved**

The expected outcomes of this programme are to:

- Reduce high costs of trading in the region brought about by the numerous NTBs imposed in the region;
- Remove administrative constraints and institutional red tape to allow free flow of goods and services through better infrastructure, faster border crossings and harmonised trade and transit regulations;
- Create an enabling trading environment for small scale cross border traders that are estimated to be moving about 30-60% of regional trade volumes and so contribute to income creation; and
- Promote growth in intra-regional trade by eradicating behind-the-border and cross border non-tariff barriers to trade and ensure smooth movement of goods.

The on-line NTB Monitoring and Removal Mechanism System is still at a formative stage so institutional arrangements are not yet fully functional in Member States and there is a general lack of awareness about the mechanism by stakeholders which limits usage of the system. However, the following has been achieved:

- The development of a dynamic online reporting and monitoring system;
- Greater cooperation among the Tripartite Member States, governments and private sector partners in terms of identifying and removing NTBs; and
- NTB structures established in Member States and the RECs.

The following provides the status of the number of NTBs resolved:

Customs Clearance Procedures

Import/Export Regulations

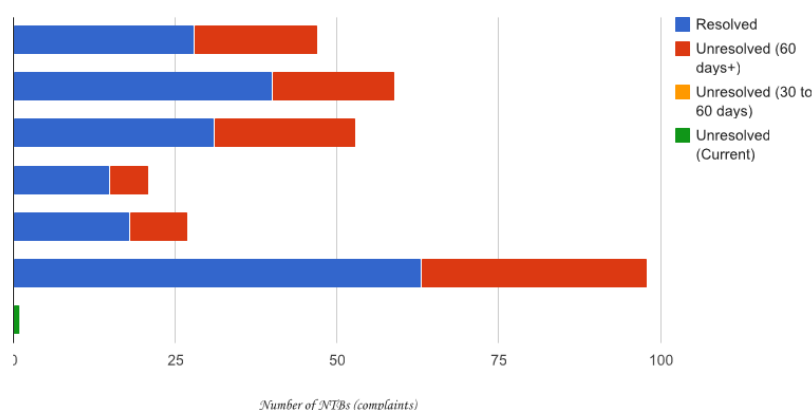
Non-tariff Fees

SPS Measures

Technical Barriers to Trade

Transit Fees

Other



e  
: www.trademarksa.org

## 7. Lessons Learned

The following lessons have been learned:

- Political will and commitment is necessary for successful implementation of the regional NTBs monitoring and elimination mechanism;
- There is a need to provide technical and financial support to the Member States if NTBs are to be resolved;
- The mechanism when fully operational, has the potential to increase intra-regional trade as Member states increase cooperation with one another; and
- The consultative process and building consensus takes time and effort, with a number of meetings and country missions required.

## 8. Conclusion

The NTBs reporting and Monitoring mechanism is a cross cutting programme in the trade facilitation programme. It has synergies with infrastructure development particularly in the transport sector, customs, and investment as it identifies barriers to trade emanating for inadequacies or non-implementation of other trade related programmes.