

**COMMUNICATION FROM THE AFRICAN GROUP**

The following communication, dated 27 April 2005, from the delegation of Rwanda, on behalf of the African Group, is being circulated in advance of the Negotiating Group meeting of 2-4 May 2005.

**TRADE FACILITATION**

**I. INTRODUCTION**

1. Trade facilitation has long been recognized by African countries as critical for enhancing the competitiveness of their economies, for promoting intra-African trade and for harnessing the benefits of globalization. The importance attached to trade facilitation is reflected in the numerous bilateral, sub-regional and regional agreements entered into by African countries. Indeed, the Abuja Treaty Establishing the African Economic Community, the Framework for African economic integration and development, contains a number of provisions relevant to trade facilitation.

2. The adoption of Annex "D" on the modalities for trade facilitation by the General Council on 1 August 2004 as part of the "July Package" presents an opportunity as well as challenges to African countries. The work of the Negotiating Group on Trade Facilitation (NGTF) and its outcomes must, therefore, be made relevant to the development needs and priorities of developing and least-developed countries by ensuring that the benefits of trade facilitation are maximized while mitigating against its associated costs.

3. This preliminary paper from the African Group seeks to:

- share the Group's perspective on the mandate on trade facilitation;
- identify the basis on which trade facilitation needs and priorities of African countries could be identified as well as the cost implications of any proposed measures;
- set-out the S&D parameters as well as the scope for inter-agency co-operation; and
- make preliminary observation on proposals submitted thus far by other WTO Members.

**II. SCOPE OF THE NEGOTIATIONS**

4. The mandate of the work of the Negotiating Group on Trade Facilitation as provided for under Paragraph 1 of Annex D of the 1 August 2004 Decision (WT/L/579) is to:

- "clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit";
- enhance "technical assistance and support for capacity building in this area"; and
- establish "provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues".

5. The scope of the negotiations conducted under the aegis of the Negotiating Group must in essence remain consistent with the objectives set forth above. The negotiations should be focused solely on clarifying and improving GATT Articles V, VIII, and X. **For the African Group, enhanced Special and Differential treatment, technical assistance, support for capacity building and implementation assistance is a critical component of these negotiations.** The right to select policy options and exercise policy flexibility granted in favour of developing and least-developed countries must remain sacrosanct.

### III. SUPPORTING TRADE FACILITATION NEEDS AND PRIORITIES OF AFRICA

6. The trade facilitation needs and priorities of African countries are enormous. The process of identifying specific trade facilitation needs and setting out the priorities of African countries requires intensive work to be undertaken, both at the national and regional levels, with the assistance of the relevant international organizations. The overarching objective of such an identification process should, as a minimum, aim at providing solutions to the following basic characteristics of Africa's trading environment:

- How to reduce high transport and communication costs that impact adversely on the competitiveness of African enterprises;
- How to enhance the capacities of Customs Administration, including through their automation, in order to dramatically reduce delays at points of entry and exit while maximizing public revenue receipts;
- How to improve the integration of African enterprises/economies into the international payments and insurance systems.

### IV. ADDRESSING COST IMPLICATIONS

7. The cost implications on developing and least-developed countries of proposals for new commitments on trade facilitation need to be fully assessed and examined. Any findings on the cost implications (especially with respect to the development of necessary public works infrastructure, information and communications technology infrastructure, administrative re-engineering, and human resources) should then be directly linked to the provision of adequate technical and financial assistance and support for capacity building.

8. It must be emphasised that enhancing technical assistance and support for capacity building is one of the primary objectives of the negotiations. As provided for in Paragraph 6 of Annex D, the implementation of new commitments on trade facilitation by developing and least-developed countries is conditioned on the provision of adequate technical and financial assistance and support for capacity-building in trade facilitation by developed countries. In this respect, the goal of assisting developing countries, especially LDCs, to address such cost implications effectively needs to be treated as priority.

9. Furthermore, to assist developing and least-developed countries participate effectively in the negotiations on trade facilitation, Paragraph 5 of Annex D needs to be operationalized. In this regard, the African Group would like to propose the establishment of an appropriate mechanism, to be agreed upon not later than the end of July 2005, for the provision by developed countries of technical assistance and support for capacity building during the negotiations.

10. Among others, such technical assistance and capacity-building support during the negotiations should support:

- Trade Facilitation negotiations-oriented research and capacity-building projects identified and proposed by developing and least-developed country Members;
- The conduct by developing and least-developed countries of participatory and transparent trade facilitation needs assessment and prioritization exercises to assist them in developing their own negotiating positions and priorities; and
- Specific travel support for capital-based experts of developing-country Members who are knowledgeable on trade facilitation issues to enable them to participate actively in the NGTF.

## **V. SPECIAL AND DIFFERENTIAL TREATMENT IN TRADE FACILITATION**

11. Paragraph 2 of Annex D lays down the parameters for the application of the principle of Special and Differential treatment for developing and least-developed countries in the trade facilitation decisions. For the African Group, special and differential treatment goes beyond longer transitional periods. In the context of any new commitments on trade facilitation, Special and Differential treatment should also be reflected in legally binding provisions that:

- Are precise, effective and operational;
- Provide policy space and flexibility for developing and least-developed countries while determining (based on their own assessment of their implementation capacity) when, how, and the extent to which such new commitments on trade facilitation are to be implemented by them; and
- Condition the implementation by developing and least-developed countries of such new commitments to the provision by developed countries of effective, adequate, long-term, and sustainable technical and financial assistance and support for capacity-building with respect to national structural or sector-specific trade facilitation-related projects or programmes identified by developing or least-developed countries as being necessary, in their view, to allow them to fully implement such new commitments.

## **VI. INTER-AGENCY COOPERATION**

12. A number of international and regional organizations have considerable experience and expertise on the subject of trade facilitation. They can make important contributions to one of the objectives of the negotiations, namely the provision of technical assistance and support for capacity building to developing and least-developed countries. Of particular note is the work of the World Customs Organizations and the ASYCUDA and ACIS programmes of UNCTAD. Further, the work of the Economic Commission for Africa, because of its Africa specificity, will be crucial for the identification of Africa's needs and priorities in this area.

13. The African Group is of the opinion that the work on trade facilitation provides a unique opportunity for the WTO, IMF and the World Bank to deliver concretely on the coherence mandate. In this regard, we call upon the three institutions to undertake a concrete collaborative effort with a view to, *inter alia*, addressing the needs and priorities that will be identified by the African Group in the course of the negotiations.

## VII. GENERAL COMMENT ON PROPOSALS SUBMITTED TO DATE

14. Since the establishment of the NGTF, various Members have submitted proposals to the Negotiating Group. The African Group has studied these proposals and would like to make the following preliminary observations:

- a number of the proposals go beyond the mandate of these negotiations as they espouse additional commitments in the context of the exercise to clarify, **improve** and review GATT 1994 Articles V, VIII, and X;
- they do not provide for adequate S&D treatment for developing and least-developed countries;
- the technical assistance components of these proposals are of a "best endeavour" nature; and
- they provide for no new resources. Instead, they seek to divert resources from existing development assistance programmes.

15. The Group fully reserves its right to further elaborate on all elements contained in this communication and any other it deems necessary in the course of the negotiations.

---