



Policy brief

SADC Cross Border Trade Advocacy Strategy: steps in addressing trade barriers

June 2022



PREAMBLE

The purpose of the study was to develop a SADC Advocacy Strategy to influence policy reform and harmonization in support of facilitating cross-border trade in agricultural inputs and commodities.

KEY MESSAGES

- African countries face the combined effect of small market size, weak institutions, low human development, worsening terms of trade, persistent conflict, and poor investment climate.
- Africa is a relatively insignificant player in global trade, accounting for about 4% of global agricultural exports.
- Although informal Cross-border Trade is an important livelihoods source for the vulnerable population especially women, its contribution in the SADC region and in the other African economies is ignored in the mainstream trade policies and institutions, thereby undermining its visibility and profitability.
- Despite several discussions in the region to ease barriers to trade, intra-SADC trade has remained stagnant. Evidence has shown that tariff and non-tariff measures (NTMs) and the resulting trade barriers are the main reasons behind limited intra-regional trade.
- SADC must, therefore, reinforce its institutional frameworks to achieve the full benefits of cross border trade on behalf of its citizens. Relevant national and regional institutions should be charged with implementing and coordinating the regional cross border trade agenda.
- One way of achieving this is through strong advocacy which involves relevant stakeholders, whose role would be, to ensure that policy makers receive the concrete evidence concerning the effects of trade barriers and are motivated to address them.

1 INTRODUCTION

Agriculture and trade are important for the socio-economic development of Africa, including the SADC region. Agriculture is a great contributor to poverty reduction given that it is a source of livelihoods, employment, subsistence, and income for most people in developing nations. On the other hand, trade is a key source of economic growth. The agricultural economy provides employment to 65–70% of Africa's labour force and it contributes between 30–40% of GDP (World Bank, 2013). More than 70% of the continent's poor live in rural areas, and agriculture is their main economic activity (FAO et al., 2015; Hurst et al., 2007). Trade encourages investment, provides economies of scale and competition, and also promotes innovation (Berg and Krueger, 2003). It is envisaged that increased competition would encourage economies to develop the range and quality of their products, and diversity of their export markets (Evenett and Venables, 2002; Hummels and Klenow, 2005). Good trade arrangements promote specialisation, which causes increased efficiency, economies of scale, and competition which, as a result, benefit the consumer segment of the population through lower prices (Goff and Singh, 2013).

1.1 BACKGROUND

It is noted that Africa is a relatively insignificant player in global trade, accounting for about 4% of global agricultural exports (Badiane et al., 2018; Simwaka, 2011). Regional integration in the continent would stimulate trade and result in Africa achieving economies of scale and market access, and realization of

sustainable growth and development (Badiane et al., 2018; UNDP, 2011; Ogunkola, 1998). Therefore, the integration of African countries under a regional body would be an effective means of realizing economic growth (Huff, 2000). However, progress in African regional integration has been slow due to several factors including dual membership, lack of authority, weak institutions, low human development, worsening terms of trade, poor investment climate bureaucratic obstacles in dealing with bigger powers, and political instability in some countries (Mapuva and Muyengwa-Mapuva, 2014; Qobo, 2007; UNCTAD, 2020; Badiane et al., 2018). Regionally, export bans, market and price controls, tariffs, lack of harmonised input markets, and non-tariff barriers are impeding opportunities for intra-regional trade development (Mukuka, 2020). There is limited trade taking place among African countries in the region (Badiane et al., 2018). These shortcomings need to be addressed to untangle the potential of trade and economic development (Soontiëns, 2002).

Although informal Cross-border Trade (CBT) is an important livelihoods source for majority of the population especially women, its contribution in the SADC region and in the other African economies is ignored in the mainstream trade policies and institutions, thereby undermining its visibility and profitability (Ama et al., 2014). Chiwara and Ndiaye (2010) and UN Women (2010) estimate that it contributes between 30% and 40% to intra-SADC trade. In Sub-Saharan Africa, informal cross-border trade is mainly a women's strategy for employment, poverty reduction and wealth creation. If it is well developed, then it would empower traders and contribute to intra-African trade and regional integration.

Despite several discussions in the region to ease barriers to trade, intra-SADC trade has remained stagnant. Evidence has shown that tariff and non-tariff measures (NTMs) and the resulting trade barriers are the main reasons behind limited intra-regional trade. Boosting intra-regional trade in Africa, and also within the Southern African Development Community (SADC), has for some years now been an important focus of the regional integration agenda. Despite the strong political commitments, intra-SADC trade has increased slightly since the creation of the free trade area (FTA) in 2008 (OECD, 2017). For example, intra-SADC trade is only 10%. This is low compared to other regions such as the South-East Asian Nations (24%) and the European Union (40%) (Chidede, 2017). This implies that 90% of SADC's trade is with the deep seas. Furthermore, intra-SADC trade is dominated by South Africa which enjoys a significant trade surplus for the region (Mwakiwa et al. 2021). Some of the main reasons why intra-SADC trade is not growing quickly as expected is because of trade barriers which include tariff and non-tariff barriers, underdeveloped trade-related infrastructure, weak manufacturing capacity, and poor implementation of trade commitments (OECD, 2017).

SADC could enhance intra-regional trade by addressing barriers to trade including reducing and possibly eliminating non-tariff barriers (NTBs) which make trade costlier and difficult (Chidede, 2017; Mwakiwa et al., 2021). For instance, simplifying customs procedures reduces trade costs in the region, and addresses issues of delays, while supporting smooth movement of goods at borders. This also encourages the participation of small businesses in cross-border trade. Furthermore, the elimination of NTBs stimulates competition – which promotes economic development by ensuring that all businesses interact on a level playing field (Mushonga and Ikhide, 2017). In addition, effective trade-related infrastructure, and investment policies play an important role in enhancing intra-regional trade in Southern Africa as they improve the inter-connectivity of systems across the region.

SADC must, therefore, reinforce its institutional frameworks to achieve the full benefits of cross border trade for its citizens. Relevant national and regional institutions should be charged with implementing and coordinating the regional cross border trade agenda, and member states should be held accountable for non-compliance (Chidede, 2017). One way of achieving this is through strong advocacy which involves relevant stakeholders, whose role would be, to ensure that policy makers receive the concrete evidence concerning the effects of trade barriers. This in turn will compel the policy makers to implement effective and evidence-based decisions for the betterment of their citizens and economics.

1.2 RATIONALE FOR THE NEED FOR A DEDICATED CROSS-BORDER TRADE ADVOCACY STRATEGY

The rationale for the need for a dedicated Cross-Border Trade Advocacy Strategy was that some countries in SADC do not have active advocacy strategy focusing on agricultural trade. In some cases, different stakeholders that work on cross border issues within respective countries do so in isolation without much interaction amongst the groups. Although there were some discussions on cross border trade issues, these discussions tend to be once off, not holistic, and endowed with limited resources that can't sustainably sustain the process. In addition, information, and data on tariff and NTMs might be available but not much is being done to reduce cross border trade barriers. Existing exporters and new exporters are also faced with new forms of barriers.

2 APPROACH

Several methodologies were used to develop this SADC regional Advocacy Strategy for promoting cross border trade in inputs and commodities. Desktop literature review was one of the methods used. A key document that was reviewed was the report entitled "SADC regional status study report on constraints in the implementation of existing policies aimed at increasing cross-border trade", Mwakiwa et al. (2021). It was crucial to the development of the SADC regional cross border trade advocacy strategy given that it highlights some of the barriers to cross border trade in southern Africa. The report also presents an inventory of regional and country-specific tariff non-tariff measures, which hinder cross border trade in the region. Literature specifically examining trade patterns statistics and trade barriers were also reviewed to contribute to one of the sections in the report.

A questionnaire was used to collect the following information on barriers to cross border trade from various stakeholders in the CAADP XP4 countries. The questionnaire basically collected these two groups of information: barriers to cross border trade and how they could be addressed; and institutional suggestions to the national and regional cross border advocacy strategy groups (see Appendix 1). The main key stakeholders that were engaged were organizations concerned with issues of agricultural trade in the SADC region and beyond. These organizations included cross border trade stakeholders (policy makers, policy champions, Government Departments, advocates, NGOs, Private sector, formal and informal cross border associations), COMESA, SADC Desk (in some countries) and the Swedish Embassy. An implementation plan and matrix for the proposed activities were then developed. The implementation period was placed at 24 months. In the implementation plan, although the stakeholders for the advocacy strategy group were identified by the respective participating respondents and in a few cases, the literature, the detailed description of the stakeholder organizations were drawn from the organizations' and/or third parties' websites.

3 KEY FINDINGS

3.1 VISION, MISSION, AND OBJECTIVE OF THE SADC CROSS BORDER TRADE ADVOCACY STRATEGY

3.1.1 Vision

The Vision of the Advocacy Strategy: Sustainable agricultural growth and socio-economic development in the SADC Region.

3.1.2 Mission

On the other hand, the mission is to enhance performance of SADC Economies.

3.1.3 Objective

The objective is to boost SADC agricultural inputs and commodities intra-regional trade.

3.1.4 Strategic Objective:

The strategic objective is to reduce cross border trade barriers in the region.

3.1.5 Objective of the Cross Border Trade Advocacy Group

Cross Border Trade Advocacy Group (CBTAG) will be created for each SADC member countries. The objective of the CBTAG are as follows:

- i. It will aim to facilitate the harmonization of trade measures pertaining to cross border trade.
- ii. It will advocate for the reduction in cross border trade barriers including NTBs and Technical Barriers to Trade (TBTs) in other southern African countries which exporters from country face.
- iii. It will aim at facilitating the harmonization and transparency in all kinds of NTMs and reduction of NTBs and TBTs in country which the importers encounter.

3.1.4 CBTAG Structure

The structure of the CBTAG will constitute of the convener, policy makers who would include ministries and affiliated organizations; business associations; policy champions; thinks tanks; and the media. The structure of the CBTAG using the Eswatini as an example as shown in Figure 1.

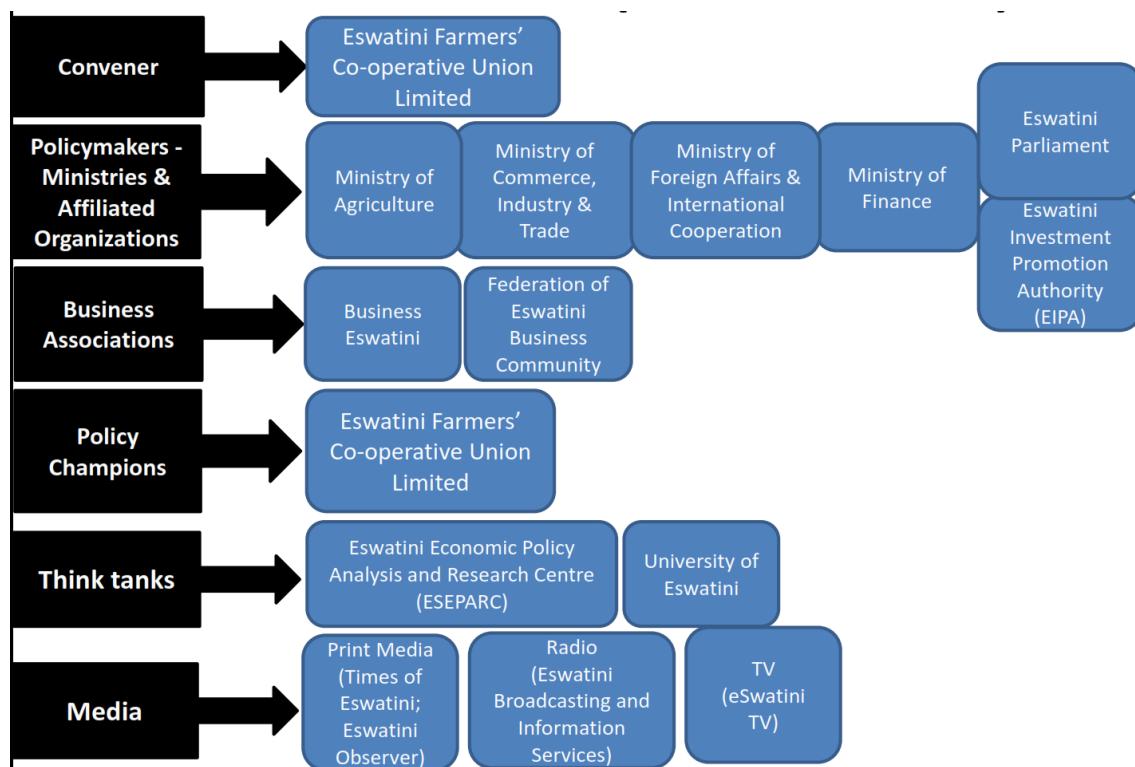


Figure 1: CBTAG Structure (Example from Eswatini)

3.1.5 Roles and responsibilities of the CBTAG members

The following are responsibilities and roles of the CBTAG members:

- The members of the CBTAG need to be vibrant and energetic and have good understanding of issues concerning regional trade barrier
- Undertake stakeholder mapping to identify relevant individuals and organisation
- Prepare and maintain contact lists
- Collect relevant information on trade barriers such as tariff, NTMs and TBTs and analyse them
- Deliver compelling evidence on the effects of cross border trade barriers on the country and regional welfare, and advocate for change to policymakers using both formal and informal channels
- Organise appropriate cross border trade workshops and training programs
- Write newspaper articles on cross border trade issues
- Conduct M&E of the Cross Border Trade Advocacy Group

2.1.6 Operating procedures, convening of meetings and decision-making process

The following were the operating procedures, convening of meetings and decision-making process:

- The chair of the CBTAG, policy champion within the respective country, with the consent of its members, will convene any meeting of the CBTAG with a specific agenda.

- The meeting will discuss matters based on the agenda, and will follow up on progress made on the decisions taken in the past meetings.
- The decision of the meeting should be based on evidence and consensus.

3.2 THE SADC CBTAG

3.2.1 Objectives of the SADC CBTAG

The Cross Border Trade Advocacy Group will aim to facilitate the harmonization of trade measures pertaining to cross border trade in the SADC region taking into consideration input from the SADC respective national Cross Border Trade Advocacy Groups.

3.2.2 SADC CBTAG Structure

The structure of the SADC CBTAG which will be responsible for coordinating and consolidating cross border work of all the SADC countries CBTAGs is shown in Figure 2.

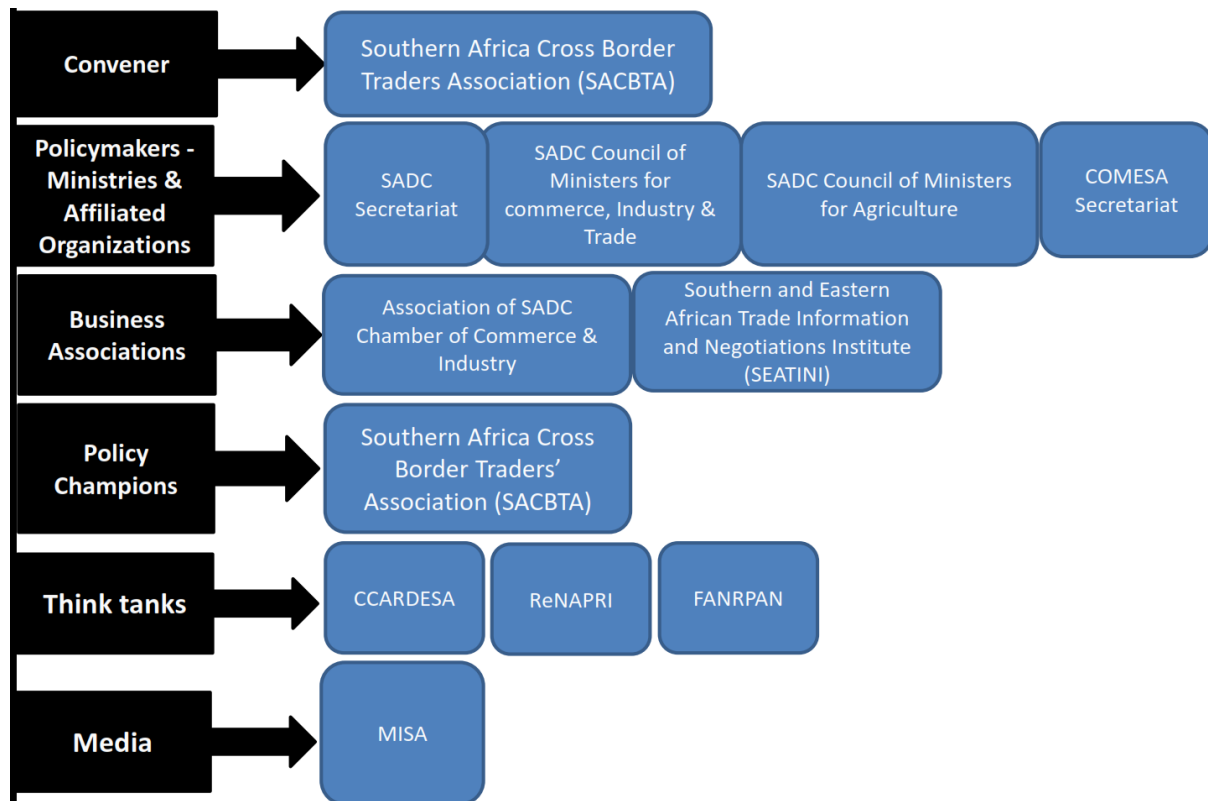


Figure 2: SADC CBTAG Structure

3.2.3 Suggestive TORs of the SADC Cross Border Trade Advocacy Group (CBTAG)

The SADC CBTAG will need to be formed and institutionalised. The SADC cross border trade advocacy issues should not be limited to dealing with tariff, NTMs and TBTs but should also cover broader intra-regional trade issues.

3.2.4 Roles and responsibilities of the members

The SADC CBTAG will be linked to SADC member countries respective CBTAG. The following will be roles and responsibilities of the SADC CBTAG members:

- The members of the SADC CBTAG need to be vibrant and energetic and need to have good understanding of the regional trade barrier issues
- Prepare a stakeholder mapping through identifying relevant people and organisations and preparing and maintaining their contact lists
- Collect and collate regional relevant information on trade barriers such as tariff, NTMs and TBTs and analyse them
- Deliver compelling evidence on the effects of cross border trade barriers on the country and region welfare and advocate for change to the policymakers using both formal and informal channels
- Organise appropriate cross border trade workshops and training programs
- Writing of the newspaper articles on cross border trade issues
- Conduct M&E process for the SADC Cross Border Trade Advocacy Group

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