Q1: Respondent details:
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Q2: Country or customs territory: Guinea

Q3: Organization: Public sector

Q4: Title of case story:

Trade facilitation:

The adoption of the Bali Package on 7 December 2013 generated no small amount of euphoria among the trade officials gathered at the 9th Ministerial Conference of the World Trade Organization (WTO).

The WTO claims that the agreement will generate between US$400 billion and US$1 trillion in global trade. But questions remain as to what the Bali Package really means for Africa in terms of trade facilitation – one of the pillars of the deal.

Q5: Case story focus:

Implementation of the Trade Facilitation Agreement and/or trade facilitation measures more generally (e.g. trade and transport facilitation).

Q6: Case story abstract:

Trade facilitation is vital for Africa's own competitiveness, as it will reduce costs for traders. While tariffs have progressively fallen, one of the key challenges for intra-African trade is the non-tariff barriers that impede the movement of goods, services and people across borders. For example, it is often said that shipping a car from Japan to Abidjan costs US$1,500, while shipping the same car from Abidjan to Addis Ababa costs US$5,000.

Q7: Funding partner: Multilateral organization

Q8: Project/programme type: Single country, multi-country, regional

Q9: Your text case story:

Trade facilitation measures in coastal and transit countries also have knock-on effects for landlocked countries. Given these positive external influences, certain trade facilitation reforms and investments should be considered as regional public goods.

Q10: Lessons learnt:

Critics of trade facilitation argue that the benefits are heavily tilted in favour of exporting countries, and refer to it as an "import-facilitating agreement" that will weigh on Africa's trade balance. They contend that the agreement fails to address the production and export constraints faced by developing and least developed countries.

It is true that export-ready countries will reap the immediate benefits of trade facilitation. African countries must therefore make value-adding activities their priority by encouraging investment in areas such as value chains, which are becoming increasingly important for the African Development Bank. In the absence of such additional measures, the benefits of trade facilitation will be marginal, and African countries will miss out on the alleged US$1 trillion trade boost provided by the Bali Package. The multilateral trading system should support these measures by decisively addressing tariff peaks and tariff escalation – the former prevents developing countries form exporting products for which they have a comparative advantage, while the latter reduces their chances of climbing the value chain.

In addition, issues such as non-tariff barriers, compliance with sanitary and phytosanitary standards, tariff escalation and tariff peaks on products of interest to African exporters will continue to hinder Africa's prospects of penetrating international markets and upgrading value chains. Parallel efforts are therefore needed so that these issues can continue to be addressed in both regional and global trade.

What should the African Development Bank do to make Bali work for Africa?

The adoption of the Bali Trade Facilitation Agreement is a call for development partners like the African Development Bank and bilateral and multilateral donors to scale up their response – in a coordinated manner – to help address the legitimate implementation challenges faced by African countries. The African Development Bank has a comparative advantage in terms of infrastructure investments, and there is growing awareness of the need to bridge the hard-soft infrastructure continuum by ensuring that soft aspects, such as trade facilitation reforms, are mainstreamed within transport infrastructure projects – such as roads, ports and railways – right from the design stage. We also encourage the Bank to step up its economic and sectoral work in this area in order to provide sound policy advice, identify the lessons learnt and monitor results in regional member countries.