IDA AFRICA WATCH
Volume 8
June 18, 2015

INTRA-AFRICAN TRADE—A PROBLEM OF "THICK BORDERS"

By George F. Ward

Trucks backed up at an African border crossing. Photo, "Between P and R," ibeatty. (Source: Karen Hasse, "Non-tariff Barriers Choke African Trade," Good Governance Africa, February 1, 2013, http://gga.org/stories/editions/aif-8-duty-bound/non-tariff-barriers-choke-african-trade/view.)

Africa's share of world trade is small, and Africa trades surprisingly little with itself. The World Economic Forum's *Africa Competitiveness Report 2015* estimates that the continent's share of global trade is around 2 percent. Of that, only around one-tenth of Africa's global trade total is intra-African commerce. This share compares unfavorably with intra-regional trade in other world regions—21 percent in the Association of Southeast Asian Nations (ASEAN), 48 percent in the countries covered by the North American Free Trade Agreement (NAFTA), and 65 percent within the European Union (EU). According to experts, including the World Bank, a major factor restricting intra-African trade is the problem of "thick borders," meaning the complex of tariff and, even more important, non-tariff restrictions that slow down traffic across African frontiers. Recently, three of Africa's regional economic groupings have announced progress toward a new free-trade area. It is worth examining whether the agreements announced could succeed in effectively addressing the practical problems that impede intra-African trade. *more...*

Ambassador (ret.) George F. Ward is editor of Africa Watch and a Research Staff Member at the Institute for Defense Analyses.

AGRICULTURE, ASSUMPTIONS, AND DATA IN AFRICA

By Dr. Stephanie M. Burchard


A half-hectare farm planted with a new variety of wheat near Debre Zeit, in Ethiopia's Amhara region. (Source: AP Photo/Kirubel Tadesse Ayetenfisu.)

It is frequently asserted that women make up the majority of agricultural workers in Africa—anywhere from 60 to 80 percent of the workforce. Much international assistance programming is either implicitly or explicitly based on this belief. New analysis from the World Bank, supported by other research, calls these figures into question, and suggests a range closer to 40 to 50 percent. What are the implications of this lower range for programming and development in Africa? *more...*

Dr. Stephanie M. Burchard is a Research Staff Member in the Africa Program at the Institute for Defense Analyses.

About IDA

The Institute for Defense Analyses is a non-profit corporation operating in the public interest.

IDA's three federally-funded research and development centers provide objective analyses of national security issues and related national challenges, particularly those requiring scientific and technical expertise.

IDA's Africa team focuses on issues related to political, economic, and social stability and security on the continent.

© Institute for Defense Analyses
4850 Mark Center Drive – Alexandria, VA 22311-1882
www.ida.org

INTRA-AFRICAN TRADE—A PROBLEM OF "THICK BORDERS"

By George F. Ward

Africa's share of world trade is small, and Africa trades surprisingly little with itself. The World Economic Forum's *Africa Competitiveness Report 2015* estimates that the continent's share of global trade is around 2 percent. Of that, only around one-tenth of Africa's global trade total is intra-African commerce. This share compares unfavorably with intra-regional trade in other world regions—21 percent in the Association of Southeast Asian Nations (ASEAN), 48 percent in the countries covered by the North American Free Trade Agreement (NAFTA), and 65 percent within the European Union (EU). According to experts, including the World Bank, a major factor restricting intra-African trade is the problem of "thick borders," meaning the complex of tariff and, even more important, non-tariff restrictions that slow down traffic across African frontiers. Recently, three of Africa's regional economic groupings have announced progress toward a new free-trade area. It is worth examining whether the agreements announced could succeed in effectively addressing the practical problems that impede intra-African trade.

Trucks backed up at an African border crossing. Photo, "Between P and R," ibeatty. (Source: Karen Hasse, "Non-tariff Barriers Choke African Trade," Good Governance Africa, February 1, 2013, http://gga.org/stories/editions/aif-8-duty-bound/non-tariff-barriers-choke-african-trade/view.)

How Thick Are Those Borders?

Most shipments of goods cross African borders by road, and the delays can be staggering. One survey found that drivers spent an average of 68 hours to get clearance at most of the customs stations on the Kenya-Tanzania border. Up to 1,600 documents might be required for each truck that Shoprite, a large South African supermarket company, sends across a border, even one within the Southern African Development Community (SADC). Companies such as Woolworths pay full tariffs at SADC borders because the process of providing rules-of-origin documentation to obtain customs preferences is too costly. A World Bank study concentrated on Burundi, Rwanda, and the Democratic Republic of the Congo (DRC) demonstrated that for agricultural products, the effect on prices of crossing the Burundi-DRC border was equivalent to pushing markets in each country 1,824 kilometers, or 41 hours, further apart. The equivalent figures for the DRC-Rwanda border were 1,549 kilometers, or 35 hours. The costs imposed by border delays create opportunities for corruption. Surveys have showed that the majority of truckers traveling across borders in the East African Community (EAC) have paid bribes.

Counting the Cost

Trade barriers have two components—tariffs and non-tariff measures (NTMs). According to the World Economic Forum, 60 to 90 percent of trade costs relate to NTMs. One study showed that if all countries raised their performance on just two NTMs—border administration and transport and communications infrastructure—halfway to the level of global best practice, worldwide GDP would increase 4.7 percent and exports would rise 14.7 percent. It can be surmised that the effects in Africa would be at least that great.

Although NTMs play the largest role in restricting intra-African trade, high tariffs are also a problem. Tariff receipts provide a sizable share of government revenue in many African countries, and those tariffs seem to have a disproportionate effect on goods destined for African markets. The United Nations Conference on Trade and Development (UNCTAD) has estimated that African firms face markedly higher tariff rates when exporting to African markets than in exporting the same goods to markets outside the continent. This situation is largely due to preferential trade agreements between African countries and western nations.

The opinions expressed in these commentaries are those of the authors and should not be viewed as representing the official position of the Institute for Defense Analyses or its sponsors.
Links to web sites are for informational purposes only and not an endorsement.

What Is Being Done

The African Union recognizes eight regional economic communities (RECs). The RECs are considered to be the building blocks of a future Africa-wide economic community. All the RECs have put in place measures aimed at facilitating intra-African trade. These measures have been implemented in varying degrees by member states. Only a few programs have succeeded in facilitating trade by reducing NTMs. The Walvis Bay Corridors system that links Namibia to other SADC countries is one example of a success.

In 2005, three RECs—the Common Market for Eastern and Southern Africa (COMESA), the EAC, and SADC—launched a tripartite effort to establish a free-trade area based on three pillars: market integration, infrastructure development, and industrial development. One early accomplishment of the tripartite effort was the creation in 2008 of a new tool to handle trade complaints, the Tripartite NTB (Non-Tariff Barrier) Monitoring Mechanism, or NTBMM. This is a web-based "post box" through which the private sector can report trade complaints in Eastern and Southern Africa. In its first five years of operation, the NTBMM registered 436 complaints and reportedly resolved 326 of them.

Most recently, at a summit meeting on June 10, 2015, in Sharm El Sheikh, Egypt, the three RECs officially launched the COMESA-EAC-SADC Tripartite Free Trade Area, which covers about half the continent and over half of its GDP. The agreement signed at the meeting commits all member states to accord each other most-favored-nation trade treatment, mandates elimination of all non-tariff barriers to trade, and pledges cooperation in several areas aimed at facilitating trade. Just a few days after the tripartite agreement was signed, heads of state at an African Union summit set 2017 as the target year for the extension of the Tripartite Free Trade Area to the entire continent.

Will There Be Real Change?

As one expert has said, the tripartite pact is really more of an integration plan than a free trade agreement. The agreement will come into force when 14 parliaments have ratified it. Although that seems likely, many of the details needed to effect change still have to be worked out. These details will be contained in 14 annexes, each of which will address a specific area of the deal. The annex on NTBs has reportedly been agreed to. Beyond that, the parties are giving themselves one year to complete the annexes on tariffs, remedies, and rules of origin. Trade in services, intellectual property, competition policy, and other issues will be handled in a second phase, scheduled for completion in 2017. Clearly, a good deal of work lies ahead, but the tripartite agreement does provide hope of thinning down the thick trading borders that currently limit economic growth and prosperity in Africa.

Ambassador (ret.) George F. Ward is editor of Africa Watch and a Research Staff Member at the Institute for Defense Analyses.

The opinions expressed in these commentaries are those of the authors and should not be viewed as representing the official position of the Institute for Defense Analyses or its sponsors.
Links to web sites are for informational purposes only and not an endorsement.

AGRICULTURE, ASSUMPTIONS, AND DATA IN AFRICA

By Dr. Stephanie M. Burchard

It is frequently asserted that women make up the majority of agricultural workers in Africa—anywhere from 60 to 80 percent of the workforce. Much international assistance programming is either implicitly or explicitly based on this belief. New analysis from the World Bank, supported by other research, calls these figures into question, and suggests a range closer to 40 to 50 percent. What are the implications of this lower range for programming and development in Africa?

A half-hectare farm planted with a new variety of wheat near Debre Zeit, in Ethiopia's Amhara region. (Source: AP Photo/Kirubel Tadesse Ayetenfisu.)

Africa's Agricultural Sector

Almost 60 percent of the world's arable land is found in Africa, and yet food scarcity remains a persistent problem for the continent. Part of the reason lies with some of the political and economic choices countries made when they obtained independence in the 1960s and 1970s. Many countries in Africa during the immediate post-colonial period attempted to rapidly industrialize—often using heavy taxes and price distortions on agricultural products to subsidize such attempts. Countries also sought to keep food prices particularly low to prevent urban populations from protesting, rioting, or worse. These approaches broadly resulted in reduced incentives for agricultural production and yielded poorly performing economies. Beginning in the 1970s, Africa became a net food importer. By 2007, the food deficit was approximately $22 billion. The past decade, however, has seen renewed interest in agriculture-based development policy on the continent, and agriculture has been recognized as an engine for growth.

Women's Role in Agriculture in Africa

As early as the 1970s, it was asserted (and eventually accepted as fact) that women were disproportionately responsible for the bulk of agricultural activities in Africa. Several development policies have used this assumption as a springboard for women-centered agricultural programming.

Recent research indicates that this assumption may have a shaky empirical basis. The World Bank study, released in June 2015, takes a closer look at agricultural production in six countries in Africa: Ethiopia, Malawi, Niger, Nigeria, Tanzania, and Uganda. Together, these countries comprise almost 40 percent of the population of sub-Saharan Africa. The authors find that on average, women contribute 40 percent of the labor force for food produced in those six countries, but there is significant variability in the range of women's contribution to the labor force for agricultural production—from 24 percent in Niger to 56 percent in Uganda.

In an article published in 2011, Cheryl Doss, a development economist at Yale University, makes a similar argument. She points out that the often-touted statistic of women comprising 60 to 80 percent of the agricultural workforce is wide of the mark. Doss finds great variation across regions in terms of women's participation, but concludes that the true average range is much closer to 50 percent of the agricultural workforce. According to Doss, women may be more heavily involved in food preparation, but they are not disproportionately responsible for food production in Africa.

Bad Data Lead to Bad Policy

This finding has two significant implications. More inclusive agricultural programming might prove a more effective way of increasing overall food production in some countries than women-only initiatives. This is not to say that women-focused programs are ineffective. They are likely very effective at empowering women, giving voice to their concerns, incorporating them into the development dialogue, and improving micro-levels of crop production, all of which are desirable outcomes. But to generate broad-based, country-level improvements, it is necessary to take into account the

The opinions expressed in these commentaries are those of the authors and should not be viewed as representing the official position of the Institute for Defense Analyses or its sponsors.
Links to web sites are for informational purposes only and not an endorsement.

most accurate understanding possible of the nature of food production. In some countries, men might be responsible for the majority of food production; in others, women. Good policy should understand and reflect these differences.

Second, it is unfortunate that a fundamental assumption such as this (that women play a disproportionate role in agricultural production in Africa) went untested and unexamined for so long. This failure highlights the dearth of quality data in Africa. Bad assumptions and data can lead to bad policy. More efforts to improve the quality and collection of data indicators in Africa are needed.

Dr. Stephanie M. Burchard is a Research Staff Member in the Africa Program at the Institute for Defense Analyses.

The opinions expressed in these commentaries are those of the authors and should not be viewed as representing the official position of the Institute for Defense Analyses or its sponsors.
Links to web sites are for informational purposes only and not an endorsement.