

Removing Barriers to inter African Trade

Malawi's National Agricultural Policy

Priority Area 4: Agricultural market development, agro processing and value addition

- Develop efficient and inclusive value chains that ensure fair prices
- Pricing policy
- ADMARC reforms: MOU, cost efficiency, alternative price mechanisms
- Ag value addition and processing: processing hubs, partnership, forums, expo, research info, district level
- Commodity exchanges, market info,
- **Transparent and evidence based trade policies and regulations**
- Regional value added exports
- Financial services and credit
- Quality standards and grading

3.4.7: Ensure that agricultural market and trade policies are transparent, evidence based and enforced

- Policy coherence on food security and safety, import tariffs, export bans, licensing
- Regional and continental frameworks
- Grades and standards, audit and accreditation, SPS training

• 3.4.10: Promote regional and global exports of value added agricultural commodities

- Compliance with international commitments
- Monitoring and reduction of NTB's
- Capacity building on trade policy formulation, implementation, impact assessment and negotiation
- Promotion missions and trade fairs
- A single food safety agency

Africa does badly on intra continental trade

	% Trade within	
Europe	69	60
Asia	52	60
N America	50	40
Africa	18	12

- **Reasons**

- Customs procedures

- Visas

- Natural resource based products

- Unlike import needs of neighbours

- No value added goods

- Infrastructure: road, rail,

- Electricity, internet (content),

- Telcoms competition and pricing

More reasons

- Multiple trade agreements
- Slow implementation of (high level political) agreements to eliminate tariff and non tariff barriers
- Border and roadside checks, solicitations,
- rules changing often, changes not communicated to border post
- Smuggling, competing with public monopoly,
 - => trade becomes informal and ... not well recorded

Non-Tariff Barriers to Trade

- **restrictions that result from**
 - prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly.
 - NTBs also include unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBT).
- NTBs arise from measures taken by governments, other authorities and the private sector in the form of
 - government laws, regulations, policies, conditions, restrictions or specific requirements,
 - private sector business practices, or prohibitions
- that **protect the domestic** industries from foreign competition.

Non-Tariff Barriers to trade can arise from

- Import bans
- General or product-specific quotas
- Complex/discriminatory Rules of Origin
- Quality conditions imposed by the importing country on the exporting countries
- Unjustified Sanitary and Phyto-sanitary conditions
- Unreasonable/unjustified packaging, labelling, product standards
- Complex regulatory environment
- Determination of eligibility of an exporting country by the importing country
- Determination of eligibility of an exporting establishment (firm, company) by the importing country.
- Additional trade documents like Certificate of Origin, Certificate of Authenticity etc

and

- Occupational safety and health regulation
- Employment law
- Import licenses
- State subsidies, procurement, trading, state ownership
- Export subsidies
- Fixation of a minimum import price
- Product classification
- Quota shares
- Multiplicity and Controls of Foreign exchange market
- Inadequate infrastructure
- "Buy national" policy
- Over-valued currency
- Restrictive licenses
- Seasonal import regimes
- Corrupt and/or lengthy customs procedures

Non Tariff Measures: Technical

- A Sanitary And Phytosanitary Measures
- B Technical Barriers To Trade
- C Pre-Shipment Inspection And Other Formalities

Non Tariff Measures: Non technical

- D Contingent Trade-Protective Measures
- E Non-Automatic Licensing, Quotas, Prohibitions And Quantity-Control Measures Other Than For SPS Or TBT Reasons
- F Price-Control Measures, Including Additional Taxes And Charges
- G Finance Measures
- H Measures Affecting Competition
- I Trade-Related Investment Measures
- J Distribution Restrictions
- K Restrictions On Post-Sales Services
- L Subsidies (Excluding Export Subsidies Under P7)
- M Government Procurement Restrictions
- N Intellectual Property
- O Rules Of Origin

Non Tariff Measures: Export Related Measures

Exports

P

Export-Related Measures

Malawi



malawi@tradebarriers.org

National

Principal Secretary
Ministry of Industry and Trade
P O Box 30366
LILONGWE 3
Tel: 265 1 770244
Fax: +265 1 770 680
chatimachristina@yahoo.com
tcmunthali@yahoo.com

Private sector

Malawi Confederation of Chambers of Commerce and Industry (MCCCI)
Chichiri Trade Fair Grounds
P.O. Box 258
BLANTYRE
Tel: +265 1 871 988/831
Fax: +265 1 871 147/3288
ckaferapanjira@mccci.org
hchavula@mccci.org

Category 1: Government participation in trade & restrictive practices tolerated by governments

- 1.1. Export subsidies
- 1.2. Government monopoly in export/import
- 1.3. State subsidies, procurement, trading, state ownership
- 1.4. Preference given to domestic bidders/suppliers
- 1.5. Requirement for counter trade
- 1.6. Domestic assistance programmes for companies
- 1.7. Discriminatory or flawed government procurement policies
- 1.8. Import bans
- 1.9. Determination of eligibility of an exporting country by the importing country
- 1.10. Determination of eligibility of an exporting establishment (firm, company) by the importing country
- 1.11. Occupational safety and health regulation
- 1.12. Multiplicity and Controls of Foreign exchange market
- 1.13. "Buy national" policy
- 1.14. Lack of coordination between government institutions
- 1.15. Other

Category 2:

Customs and administrative entry procedures

- 2.1. Government imposing antidumping duties
- 2.2. Arbitrary customs classification
- 2.3. Issues related to the rules of origin
- 2.4. Import licensing
- 2.5. Decreed customs surcharges
- 2.6. Additional taxes and other charges
- 2.7. International taxes and charges levied on imports and other tariff measures
- 2.8. Lengthy and costly customs clearance procedures
- 2.9. Issues related to transit fees
- 2.10. Inadequate or unreasonable customs procedures and charges
- 2.11. Lack of control in Customs infrastructure
- 2.12. Lack of capacity of Customs officers
- 2.13. Issues related to Pre-Shipment Inspections
- 2.14. Other

Category 3:

Technical barriers to trade (TBT)

- **Category 4:**
- **Sanitary & phyto-sanitary (SPS) measures**

Category 5:

Specific limitations

- 5.1. Quantitative restrictions
- 5.2. Exchange controls
- 5.3. Export taxes
- 5.4. Quotas
- 5.5. Import licensing requirements
- 5.6. Proportion restrictions of foreign to domestic goods (local content requirement)
- 5.7. Minimum import price limits
- 5.8. Embargoes
- 5.9. Non-automatic licensing
- 5.10. Prohibitions
- 5.11. Quantitative safeguard measures
- 5.12. Export restraint arrangements
- 5.13. Other quantity control measures
- 5.14. Restrictive licenses
- 5.15. Other

Category 6:

Charges on imports

- 6.1. Prior import deposits and subsidies
- 6.2. Administrative fees
- 6.3. Special supplementary duties
- 6.4. Import credit discriminations
- 6.5. Variable levies
- 6.6. Border taxes
- 6.7. Other

Category 7:

Other procedural problems

- 7.1. Arbitrariness
- 7.2. Discrimination
- 7.3. Corruption
- 7.4. Costly procedures
- 7.5. Lengthy procedures
- 7.6. Lack of information on procedures (or changes thereof)
- 7.7. Complex variety of documentation required
- 7.8. Consular and Immigration Issues
- 7.9. Inadequate trade related infrastructure
- 7.10. Other

Category 8:

Transport, Clearing and Forwarding

- 8.1. Government Policy and regulations
- 8.2. Administrative
(Border Operating Hours, delays at border posts, etc.)
- 8.3. Immigration requirements
 - (Visa, travel permit)
- 8.4. Transport related corruption
- 8.5. Infrastructure
 - (Air, Port, Rail, Road, Border Posts,)
- 8.6. Vehicle standards
- 8.7. Costly Road user charges /fees
- 8.8. Issues related to transit

Tripartite Trade Agreement

- 2012: Continental Free Trade Area adopted - by 2017
- Action plan for Boosting Inter African Trade (BIAT)
- After lengthy negotiations, (10 years) the tripartite FTA was officially launched in June 2015.
- However,
- TFTA has not yet entered in to force due to outstanding technical work on tariff liberalization, rules of origin, trade remedies as well as the harmonization of trade related policies

Ongoing Negotiations Cover...

- trade in goods and services, investment, intellectual property rights and competition policy.

Member States of the African Union have set out the **objectives for the negotiations**:

- An agreement to tackle the challenges posted by **multiple and overlapping memberships** of regional economic communities.
- **Reservation of the acquis** (building on what has already been agreed through existing agreements).
- **Variable geometry** (different countries may reduce tariffs at different speeds), flexibility and special and differential treatment.
- Most-favoured-nation treatment
 - (countries must **extend the preferences** that they grant under CFTA **to all African countries** equally).
- National treatment
 - once import tariffs have been paid, goods and services from other African countries will be treated the same as domestic goods and services by domestic regulations and internal taxes.
- **Reciprocity.**
- Decisions in the negotiations to be taken by **consensus (unanimity)**.
- **Adoption of a detailed Indicative Roadmap** on the Negotiation and Establishment of the Continental Free Trade Area.

Malawi Examples

- Maize
 - Minimum prices, hard to enforce, distant to markets, post harvest losses
- Sugar
- Groundnuts to South Africa vs Congo (Aflatoxins)
- Tobacco
 - Govt to take over extension services and contracting
- Export bans : soya, pigeon peas, tobacco, groundnut, maize
- Structural barriers: infrastructure, national id

MMW4P

Making Markets Work For the Poor

- Making market systems work more effectively + inclusively => **Poverty Reduction**
- Strategic rationale: **systemic constraints** prevent markets from working effectively:
- **Performance** of firms in the market is **a consequence** of the
 - Rules:
 - Norms, informal rules, formal regulations etc
 - supporting functions
 - Access to information, technical/consultancy support, Rand D, financial services
- **M4P** a framework for **analysis**, and for **action**
- **M4P** -> Temporary (in time) but **catalytic interventions** that stimulate (permanent) change by **crowding in** other activity or players
- Systemic change question:
 - not “what problems do these businesses have and how can we solve them?”
 - BUT
 - Why isn't the market environment providing solutions?
 - and how can we address the constraints that prevent it from effectively doing so?
 - **raises ambitions of development intervention** to leveraging large scale and sustainable change

M4P Examples

- Engagement with a single firm
 - may highlight legal and regulatory constraints affecting many other firms in the same sector
 - Work to find ways to address those constraints
- NB. Consolidated legislation, political economy,
- AECF: Kenya Biologics, Real IPM, Lachlan with innovative products
 - and the Pest Control Products Board, KEPHIS with regulations.
- Nairobi Wholesale Market
- PBK Restructuring: Cap 316, 1933
- 40 km Sugar Zone: Sugar Act 2001
- **BE AWARE**
 - of the **TIME** these things take
 - **Political economy**, not analysis, makes governments move
 - But sometimes things just come together

Opportunities for Malawi to supply neighboring countries with agricultural and agro-food products are currently held back by restrictions on trade.

(Malawi Diagnostic Trade Integration Study)

- include licensing limitations on agricultural inputs (which restricts choice), protection of local
 - transport providers which increase costs, import and export licensing and minimum prices.
 - Policies that restrict trade in basic commodities with the aim of promoting food security but serve to destabilize growth, encourage illegal trade, increase price variation, and discourage production for sale by smallholders and ultimately reduce the living standards of the most vulnerable groups in society.
 - Such policies are inconsistent with the objectives set out in the NES, ERP, and MDGS II.
-
- **National NTB Elimination Strategy, May 2013**
 - Only 8 actions out of 67 actions were fully implemented.
 - absence of a constituency or **high level champion** with the mandate, capacity and commitment to push through cross-cutting reforms that require coordination among various ministries

to increase export growth and diversification

- **5 key policy barrier areas need to be addressed.** These include
 - **a) reviewing the trade policy framework**
 - to make it more transparent and neutral, and increase transparency in its implementation;
 - **b) reviewing existing Non-Tariff Barriers**
 - resulting from outdated technical regulations and the way these are applied at borders;
 - **c) improving trade logistics**
 - by improving border and transit procedures and increasing competition in the transport sector with a view to shorten delivery, increase reliability and reduce costs;
 - **d) address a number of binding constraints facing the expansion of agricultural trade and trade in agro-industrial products; and**
 - **e) addressing key regulatory constraints increasing the cost (and reducing availability) of professional services.**
- Identifying constraints that are particularly affecting **women traders** and establishing an impartial and anonymous mechanism for complaint (harassment, language,)

Import Permits Export Permits

All grains (including barley, maize, millet, rice, sorghum, and wheat in every form)
Bananas
Beans
Beetroot
Cabbage
Carrots
Cauliflower
Citrus fruits (oranges, lemons, grapefruit, etc)
Cotton lint, cotton seed, cotton cake and all other forms of cotton
Eggplants
Fresh beans
Fresh chilies
Fresh peas
Green pepper
Groundnuts
Hides and skins in processed and non-processed form
Irish potatoes
Lettuce
Live fish and animals
Maize including dried maize, crushed maize, samp but excluding green maize on the cob
Maize Meal (including maize grits, cones, hominy chop or maize offal)
Millet (munga or munga meal)
Oilseeds, oil meals, oil cake and offal and residues from oil seeds
Onions
Potatoes (all types)
Poultry and poultry products (including frozen broiler chickens, eggs, day old chicks and breeding

All grains (including barley*, maize, millet*, rice, sorghum*, and wheat* in every form)
Bananas*
Beans*
Beetroot*
Cabbage*
Carrots*
Cassava*
Cauliflower*
Citrus fruits (oranges, lemons, etc)*
Cotton lint, cotton seed, cotton cake and all other forms of cotton*
Eggplants*
Fresh beans*
Fresh chilies*
Fresh peas*
Green pepper*
Groundnuts*
Hides and Skins in processed and non-processed form*
Irish potatoes*
Lettuce*
Live fish and animals
Maize including dried maize, crushed maize, samp
Maize Meal (including maize grits, cones, hominy chop, maize offal or processed maize meals)
Oilseeds, oil meals, oil cake and offals and residues from oilseeds*
Onions*
Potatoes (all types)*
Poultry and poultry products (including frozen broiler chickens, eggs, day old chicks and breeding stock)
Radishes*
Rape*