KONRAD ADENAUER STIFTUNG

ATPC African Trade Policy Centre

United Nations Economic Commission for Africa

THE GUIDED TRADE INITIATIVE: DOCUMENTING AND ASSESSING THE EARLY EXPERIENCES OF TRADING UNDER THE AFCFTA

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Book designer: Armonimsolomon@gmail.com

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It was written by Godfrey Walakira (independent consultant) and Stellah Mushiri (ATPC, ECA, consultant) under the overall guidance of Benno Müchler and Lukas Kupfernagel, former and current Country Representatives of the KAS Ethiopia/AU Office, and Melaku Desta, Coordinator of ATPC, Regional Integration and Trade Division (RITD), ECA, respectively, and under the supervision of Simon Mevel, Economic Affairs Officer, ATPC, RITD, ECA and Hiwote Tadesse, Program Manager of KAS Ethiopia/AU Office. We would like to thank Brendah Phiri-Mundia, Principal Regional Advisor, RITD, ECA, Andrew Mold, Chief, Regional Integration and AfCFTA Cluster, Regional Office for Eastern Africa, ECA, Nahom Teklewold, ATPC Consultant, Geoffroy Guepie, ATPC Consultant, and Nadia Hasham, Independent Consultant for their valuable comments.

EXECUTIVE SUMMARY

The primary purpose of this research is to provide practical information on the Guided Trade Initiative (GTI) based on empirical data gathered from the experiences of participating State Parties and companies. The findings will serve as a springboard for further research and contribute to strengthening the implementation arrangements of the AfCFTA, ultimately increasing African trade.

The GTI was established in accordance with the decision of the 7th Ministerial Directive of the AfCFTA Council of Ministers responsible for Trade, which was adopted by Heads of State and Government in February 2022. The initiative is an interim solution to kick-start meaningful trade among interested State Parties that have met the minimum requirements for commencing trade under the Agreement, to test the readiness of the private sector, and to test the operational, institutional, legal and trade policy environment under the AfCFTA.

The AfCFTA Secretariat facilitated the establishment of an Ad Hoc Committee on the GTI to coordinate, operationalize and oversee the activities of the GTI. The GTI participating States were encouraged to establish national ad hoc committees to support and coordinate their bilateral and national engagements.

The initiative initially attracted the interest and participation of seven State Parties–Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania–representing the five regions of Africa. An 8th country, Tunisia, joined shortly after the launch of the initiative. Products targeted for trade under the initiative included: ceramic tiles, batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried

fruits, and sisal fiber[1], which were selected in line with the AfCFTA's focus on value chain development. At the launch, Ghana volunteered to be a target market for tea from Kenya, tea and coffee from Rwanda, dried fruits and tea from Cameroon, frozen meat from Egypt, and tuna from Mauritius. Ghana also exported ceramics to Cameroon.

The main purpose of this research is to document and provide practical information on how a few specific trade relationships that have taken place in the early stages of the GTI evolved and were managed. It also helps to draw lessons from the experiences of the participants that can enable other State Parties to navigate the AfCFTA implementation processes more effectively and ultimately catalyze increased intra-African trade under the AfCFTA in the years to come. The study documented export/import processes in the participating countries analyzed to gain a better understanding of the effectiveness of import and export procedures, regulatory and institutional structures put in place to support the implementation of the AfCFTA agreement. It also identified key challenges encountered and successes achieved and drew lessons and recommended remedial actions where necessary.

SOME OF THE NOTABLE CHALLENGES IDENTIFIED BY THE PARTICIPATING COMPANIES INTERVIEWED INCLUDE

- Limited understanding of import/export procedures and regulatory requirements in both destination markets and home countries;

1 The GTI has been expanded to include more countries and products. As of 30 October 2023, 31 countries were participating, namely Algeria, Angola, Botswana, Burundi, Cabo Verde, Cameroon, Central African Republic, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Egypt, Republic of Congo, Equatorial Guinea, Gabon, Ghana, Kenya, Madagascar, Malawi, Mauritius, Morocco, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, United Republic of Tanzania, Togo, Tunisia, Uganda and Zimbabwe; while the additional products comprised mushrooms, flowers, bio pesticides, powdered milk, fish oil, frozen tuna, mineral and chemical fertilizers, essential oils, packaged moringa, fortified maize porridge, honey, nut butters, fruit jams, tea, coffee, meat products, beverages, flour and maize meal, pasta. and fabrics.

- Some companies believed that once trade is liberalized under the AfCFTA, it will immediately mean zero tariffs on goods entering the importing country and that domestic taxes will be waived;
- Delays in obtaining AfCFTA certificates of origin;
- Transportation, logistics and connectivity difficulties in moving goods from the exporting to the importing country;
- The nature and size of some of the participating companies, which were mainly small and medium-sized enterprises, exposed them to high entry and market costs in the importing country;
- High compliance costs for standards, registration, certification, licensing, etc.;
- High storage and distribution costs; and
- Challenges in securing funds to clear import shipments.

THE SUMMARY OF THE MAJOR FINDINGS FROM THE STUDY ARE:

A. Increased opportunities to grow the African market have been exploited, with some companies showing a commitment to quickly take advantage of the opportunities offered by the AfCFTA's preferential trade regime, as in the case of Rwanda Mountain Tea Limited, which executed a total of four export orders between the launch of the GTI and the time of the interviews for this study.

B. Transport and logistics are key to accelerating trade flows. The study revealed and underscored the need to expand distribution and logistics chains in different markets to support and expedite the movement of goods under the AfCFTA. It also showed that small and medium enterprises, including those owned by youth, women and other vulnerable groups, that export relatively small consignments face high freight and logistics costs and therefore need support to enable them to export competitively. Aggregation of such shipments would enable these exporters to benefit from greater economies of scale and to advocate for preferential freight rates. In this regard, the Governments of Rwanda and Cameroon assisted by providing direct air transport for tea and coffee exports destined for Accra at concessional rates, which allowed for faster movement of products and reduced trade costs.

C. The national institutional framework to support the implementation of the AfCFTA played a critical role in facilitating and coordinating activities under the GTI. Their efforts have certainly increased the likelihood that the State Parties concerned will realize benefits from the AfCFTA. State Parties without institutional frameworks in place were encouraged to establish their National Implementation Committees.

D. State Parties with a diplomatic commercial presence in the target markets found it easier to support, coordinate and complement the efforts of their business sectors seeking to penetrate new export markets. Commercial attaches and commercial representatives facilitated business-to-business engagement between exporting and importing countries, conducted market intelligence and monitoring, assisted in identifying new markets and export opportunities, and coordinated sales missions from their home countries.

E. Limited awareness and understanding of the AfCFTA's tariff liberalization regime led to discouragement among some exporters and importers who were under the impression that trading under the AfCFTA's preferential regime immediately meant zero tariffs and that there would be no payment of other domestic taxes. The need for increased information flows and interactions between customs authorities and the private sector was identified to help foster a deeper understanding among the business sector of the AfCFTA tariff liberalization schedule and how it works.

F. The multiplicity of taxes, levies and fees imposed on imports into Ghana increased the cost of importation and may have reduced the competitiveness of imported products. Consideration should be given to encouraging the country and likely other AfCFTA parties (not examined in this study) to review their tax regimes.

G. The application process for the AfCFTA Certificate of Origin is manual in some countries and needs to be digitized to reduce delays and associated costs.

H. Create an enabling environment at the continental level to harness and support business-to-business matchmaking and support the development of market intelligence platforms that link exporters and importers.

01 INTRODUCTION

> The African Continental Free Trade Area (AfCFTA) Agreement requires African Union (AU) member states that are parties to the agreement to liberalize intra-African trade and create a consolidated African market.

The AfCFTA agreement includes protocols on trade in goods, trade in services, investment, intellectual property rights, competition policy, digital trade, women and youth in trade, and a dispute settlement mechanism. As of October 2023, 47 out of 54 AfCFTA member states had ratified the AfCFTA Agreement, which entered into force on May 30, 2019 and began its operational phase on July 7, 2019. By the end of September 2023, 48 AfCFTA Member States had submitted their Category A market access offers for immediate liberalization for negotiation, while tariff reduction schedules for 42 of these countries had been finalized and were ready for implementation. In addition, market access offers for other countries had been reviewed and certified as being in conformity with the modalities but had yet to be formally approved by the Council of Ministers.

According to the latest estimates by the Economic Commission for Africa and the Centre for International Research and Economic Modeling of the *Centre d'Etudes Prospectives et d'informations Internationales* (CEPII), the potential gains from the full implementation of the AfCFTA Agreement include: an increase in Africa's gross domestic product by 0.9% (or US$113 billion), an increase in Africa's total exports of 5.8% (or US$180 billion), an increase in Africa's output of 0.5% (or US$104 billion), and an increase in Africa's welfare of 0.8% (or US$7 billion), in 2045 and compared to a baseline scenario without the AfCFTA in place.[2] However, most of the benefits from the implementation of the AfCFTA would be concentrated in intra-African trade, which is expected to increase by 34.6% (or US$204 billion) in 2045 compared to a situation without the AfCFTA. To realize the potential benefits of the AfCFTA in the respective State Parties, national governments should provide an enabling business and policy environment that facilitates trade, peace, security and the rule of law to enforce commercial contracts.

The start of commercially meaningful trade under the AfCFTA was expected to begin by January 1, 2021, but was delayed due to the challenges of COVID-19 and outstanding work to finalize rules of origin and tariff offers for goods. Prior to its adoption by the AU Heads of State and Government in February 2022, the Guided Trade Initiative (GTI) was established by the 7th Meeting of the Council of Ministers of Trade under the Ministerial Directive on the Application of Provisional Schedules of Tariff Concessions, which provided a legal basis for countries that had submitted their tariff schedules in accordance with the agreed negotiating modalities to start trading preferentially with each other.

The GTI is intended to facilitate commercially meaningful trade among interested parties that have met the minimum requirements (see Box 1) for tariff liberalization under the Agreement and to test the operational, institutional, legal and trade policy environment under the AfCFTA. It is also intended to test the readiness of the private sector to trade under the AfCFTA preferences and to identify future interventions to increase intra-African trade and maximize the benefits of the AfCFTA. This would be achieved through:

- I. Matchmaking to identify potential exporters and importers, as well as specific products with good prospects for trade among interested Eligible State Parties;
- II. Mentoring and capacitating relevant public and private sector stakeholders and service providers;
- III. Facilitate the marketing, shipping, logistics and cross-border movement of traded goods.

2 ECA and CIREM/CEPII (forthcoming). See: "A Dynamic Path to a Low Carbon Economy" (purdue.edu)

The first phase of the GTI was to commence in October 2022 and was limited to the implementation of the Protocol on Trade in Goods, which aims to fully liberalize 97 percent of trade under the AfCFTA preference regime by 2033.

BOX 1: Eligibility Requirements for Participation in the GTI

I. Be a State Party to the AfCFTA Agreement (have signed and ratified the Agreement);

II. Have a Provisional Schedule of Tariff Concessions (PSTC) that has been technically reviewed and approved by the Council of Ministers as part of the Ministerial Directive on the Application of the PSTC;

III. Publication of the Provisional Schedule of Tariff Concessions in accordance with national legislation. In addition, the Schedule of Tariff Concessions and the Rules of Origin Manual should be officially published and uploaded to the e-Tariff Book;

IV. Establish an ad hoc or standing AfCFTA Coordinating Committee;

V. Willingness to mobilize and link businesses with those from other members of the GTI.

VI. Have notified Designated Customs Authorities; provided specimen stamps and authorized signatures; designated authorized signatures; appointed Designated Competent Authorities (DCA) to certify originating products; and

VII. Notified the NTMs required for export and import.

Source: AfCFTA Secretariat

The implementation of the GTI is driven by the AfCFTA Secretariat which, together with the Main Ad Hoc Committee on the AfCFTA GTI and complementary National Ad Hoc Committees, is responsible for the overall coordination and operationalization of GTI activities as well as supporting the commitments of the participating countries. Prior to the launch of the GTI, several weekly meetings of the GTI Main Ad Hoc Committee were held, complemented by meetings of the National Ad Hoc Committees. The Main Ad Hoc Committee meetings were co-chaired by the AfCFTA Secretariat and the Ghana National AfCFTA Coordination Office. The participating State Parties were represented at the meetings by their resident diplomatic missions in Accra, Ministries of Trade and Industry, customs administrations, the private sector including logistics companies and other implementation partners.

THE AD HOC MAIN COMMITTEE ON THE GTI ESTABLISHED FOUR TECHNICAL SUB-COMMITTEES, NAMELY

I. The Sub-Committee on Customs and Logistics: focusing on issues related to customs cooperation and trade documentation under the AfCFTA;

II. The Sub-Committee on Non-Tariff Measures (NTMs): responsible for the collection and review of NTMs applicable to goods covered by the GTI.

III. The Sub-Committee on Communications: responsible for publicity, press engagement, planning and implementation of the launch of the GTI; and

IV. The Subcommittee on Services: responsible for activities related to trade in services under the GTI, including the expansion of the GTI's scope to cover both trade in goods and trade in services. Priority has been given to financial and transportation services because of the critical role they play in facilitating the settlement of payments for international trade and the physical movement of goods from the exporting to the importing country.

The GTI initially covered 7 State Parties representing the five regions of Africa. These are Cameroon (Central Africa), Egypt (Northern Africa), Ghana (Western Africa), Kenya, Rwanda and Tanzania (Eastern Africa), and Mauritius (Southern Africa). Tunisia (North Africa) joined shortly after the launch of the Initiative.

State Parties currently outside the GTI may be eligible to join if they meet the criteria listed in Box 1. In line with the AU Theme 2023: Accelerating the *Implementation of the AfCFTA,* the scope of the GTI has been expanded to allow more countries to participate and more products to be traded. As a result, as of September 2023, a total of 31 countries had joined the GTI (see Box 2). The AfCFTA Secretariat is actively engaging public and private sector stakeholders in these and other interested State Parties to assess their level of readiness and provide the necessary support to facilitate their AfCFTA implementation activities, including accelerating the establishment/operation of national coordination structures.

The products to be traded under the initiative initially included ceramic tiles, batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits and sisal fiber, among others, selected in line with the AfCFTA's focus on value chain development. The list has since been expanded to include any product that participating countries wish to export or import. The expanded list of products as of September 2023 is dominated by agricultural and agribusiness products, as shown in Box 2.

BOX 2: Expanded GTI list of participating countries and products, 2023

COUNTRIES:

- East Africa Region: Kenya, United Republic of Tanzania, Uganda, and Rwanda;
- Central Africa Region: Burundi, Cameroon, Central African Republic, Democratic Republic of the Congo (DRC), Congo (Brazzaville) Equatorial Guinea and Gabon;
- North Africa Region: Algeria, Egypt, Tunisia and Morocco;
- Southern Africa Region: Angola, Botswana, Malawi, Namibia, South Africa and Zimbabwe;
- West Africa Region: Côte d'Ivoire, Ghana Nigeria, Senegal and Togo; and
- Island States: Cabo Verde, Comoros, Madagascar, Mauritius and Seychelles

PRODUCTS:

- Mushrooms, flowers, organic pesticides, powdered milk, fish oil, frozen tuna, mineral and chemical fertilizers, essential oils, packaged moringa, fortified corn porridge, honey, nut butters, fruit jams, tea, coffee, meat products, beverages, flour and corn meal, pasta, and fabrics.

Source: AfCFTA Secretariat

At the time of the launch of the GTI in October 2022, approximately 100 potential trading opportunities had been identified for Participating States, as follows:

- **A** 14 companies with about 40 trade opportunities from Ghana
- **B** 27 companies with over 50 trade opportunities from Kenya
- **C** 7 companies with 20 trade opportunities from Egypt
- **D** Mauritius with 25 potential trade opportunities
- **E** Rwanda with 8 potential trade opportunities; and
- **F** Cameroon with 4 trade opportunities.

02 CONCEPTUAL FRAMEWORK & METHODOLOGY

2.1 OBJECTIVES

The primary objective of this research is to document and provide practical information on some specific trade relationships that took place in the early stages of the GTI, in order to draw lessons from the experiences of the participants that could enable other State Parties to navigate the AfCFTA implementation processes more effectively and ultimately catalyze increased intra-African trade under the AfCFTA in the years to come. The specific objectives are to

- document export/import processes in selected participating countries to gain a better understanding of the effectiveness of import and export procedures, legal and regulatory frameworks, and institutional structures put in place to support the implementation of the AfCFTA and the GTI;
- Identify key challenges faced by companies participating in the early stages of the GTI and derive lessons learned and success factors.

THE MAIN TASKS UNDERTAKEN THAT CONTRIBUTED TO THE ACHIEVEMENT OF THE OBJECTIVES WERE

I. Collection of primary data through interviews with businesspeople, government officials, relevant regional, continental and international organizations and other stakeholders involved in managing, supporting or facilitating export and import processes;

II. Detailed analysis of the policy, regulatory and institutional conditions that enabled trade transactions to take place;

III. Comparison of 4 trade relationships, noting both successes and challenges; and

IV. Drawing conclusions about what other member states may need to do to enable meaningful trade under the AfCFTA.

2.2 SCOPE OF THE STUDY

The products traded under the GTI for focus countries and the applicable tariff liberalization terms are shown in Table 1. Specifically, the analysis focuses on Cameroon's exports of tea and dried prunes to Ghana, Rwanda's exports of coffee and tea to Ghana, Kenya's exports of tea to Ghana, and Ghana's exports of ceramic tiles to Cameroon.

TABLE 1 | Products traded under the GTI for selected focus countries

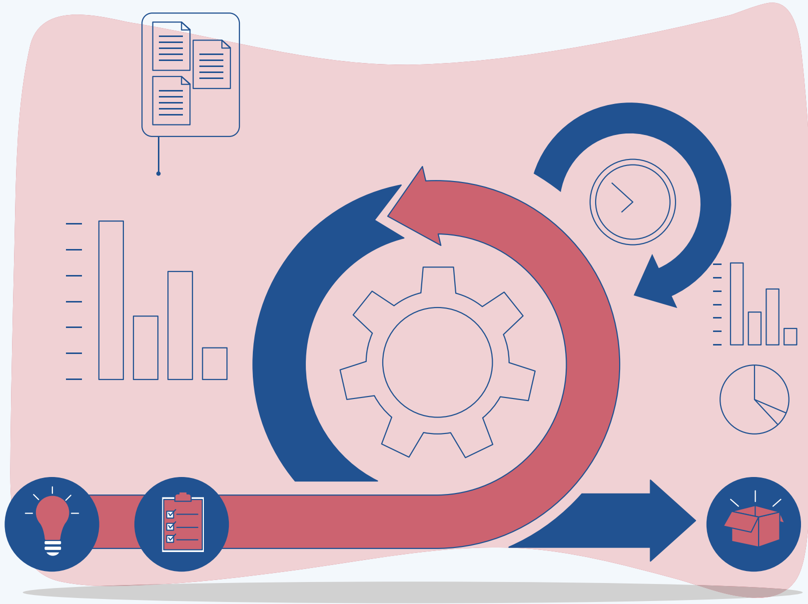
Exporter	Product	Category	MFN Tariff rate (%)	Rate phase-down period (Years)	Rate applied on import in 2022 (%)
	Applicable tariff rates in Ghana, the importing country (as per the ECOWAS tariff offer)				
Kenya, Rwanda & Cameroon	Tea	A	10	10	8
Rwanda	Coffee	A	10	10	8
Cameroon	Dried prunes	A	20	10	16
	Applicable tariff rates in Cameroon, the importing country				
Ghana	Ceramic tiles	A	30	10	30 % (expected at 26% but failed to benefit[3])

3 The lower AfCFTA preferential tariff of 26% was not extended to this product, despite meeting all the criteria for trading under the GTI. The consignment was charged full MFN rates due an apparent error on the Certificate of origin which may have wrongly stated that the goods were of Chinese origin.

2.3 APPROACH AND METHODOLOGY

The study used primary and secondary data to identify trade patterns that existed prior to the implementation of the AfCFTA and to assess the relationship between importing and exporting countries. The desk review and analysis of existing datasets was undertaken to assess trade patterns and trends of selected trade relationships prior to the GTI.

This information was supplemented by reviews of published and unpublished official reports and documents from national and regional/continental institutions, as well as media reports, reports from think tanks and civil society groups, and other open-source materials. Primary data was derived from semi-structured interviews conducted virtually and physically with key stakeholders using the questionnaire attached as Annex 1. The list of interviewees is attached as Annex 2.



03

FINDINGS FROM DATA REVIEW: TRADE PATTERNS PRIOR TO THE GTI

This section analyzes trade statistics to determine historical trade patterns for selected focus products (tea, coffee, and ceramic tiles) and the relationships that existed among the focus countries (Ghana, Kenya, Rwanda, and Cameroon) prior to the GTI.

3.1 CAMEROON: GLOBAL TEA EXPORTS

The total production of tea in Cameroon in 2020 amounted to over 5,631[4] tons. Most of this tea was consumed domestically. As shown in Table 2, Cameroon's tea exports are quite low and have declined sharply since 2019, suggesting that Cameroon is not a major exporter of tea and hardly exports outside Africa. Between 2017 and 2020, exports were almost exclusively destined for markets in Africa, mainly ad hoc markets in Central Africa. However, before the GTI, no tea exports were recorded with Ghana, suggesting that Cameroon is seeking to diversify and expand its markets for tea in Africa.

TABLE 2 | **Cameroon's Global exports of tea 2017-2021 (Values in '000 USD)**

Importers	2017	2018	2019	2020	2021
Total Exports	13.00	20.00	3.00	1.00	2.00
Total Africa	12.00	20.00	3.00	1.00	-
Chad	-	-	3.00	-	-
Congo	-	3.00	-	-	-
Benin	12.00	-	-	-	-
Gabon	-	1.00	-	1.00	-

Source: ITC Trade map statistics

4 Ufis. F, Amos.N, Junie. A, Donald.T, Francois. and Ivane.A. Analysis of the environmental sustainability of tea production in Cameroon: a life cycle assessment study. Sustain Food Technol., 2023, pp 1-4

3.2 RWANDA: GLOBAL TEA EXPORTS

Tea is an important export product for Rwanda, and in 2021 it was the fourth most exported product. Between 2018 and 2021, Rwanda's global tea exports increased by 21.3 percent to USD 90.1 million, making it the 14th largest exporter of tea in the world according to The Observatory of Economic Complexity. As shown in Table 3, the top five destinations for Rwanda's tea exports in 2021 were Pakistan, the United Kingdom, Egypt, Kazakhstan, and Kenya. Apart from Egypt and Kenya, which together accounted for 17.5 percent of total exports in 2021, Rwanda's exports to other African countries (such as Eswatini, Morocco, Nigeria, Somalia, Burundi and Eretria) remain negligible and irregular. During the period under review, no tea exports were recorded to Ghana, a market that is now being targeted, taking advantage of the opportunities offered by the AfCFTA

TABLE 3 | **Rwanda Global Tea Exports in USD million, 2018-2021**

Destination	2018	2019	2020	2021
Total Global Exports	74.20	71.40	84.70	90.10
Pakistan	42.50	34.6	28.70	33.10
UK	4.12	8.40	16.70	12.70
Egypt	4.62	6.47	10.10	11.40
Kazakhstan		0.50	6.99	9.01
Kenya	3.12	3.42	6.80	4.39
Sweden	3.86	2.85	4,57	
Germany	2.35	2.51	1.65	1.90
Russia	1.75	1.32	1.25	1.60
Eswatini				
Morocco		0.10		
Nigeria				0.20
Somalia				

Destination	2018	2019	2020	2021
Ireland	4.66			
Burundi				
Eretria				0.32
Rest of World	7.22	11.23	7.94	15.48

Source:Observatory of Economic Complexity

3.3 KENYA: GLOBAL TEA EXPORTS

Kenya is the third largest exporter of tea in the world. In recent years, its global tea exports have trended downward, declining from USD 1.5 billion (2018) to USD 1.2 billion (2021), as shown in Table 4. This decline is largely due to the negative impact of the covid pandemic, which disrupted production and distribution supply chains. The top five destinations for tea exports from Kenya in 2021 were: Pakistan, Egypt, the United Kingdom, the United Arab Emirates, and Russia, which together accounted for 72.7 percent of Kenya's total tea exports. The other major export markets for Kenya's tea were Yemen, Sudan, Kazakhstan, the Democratic Republic of Congo, and Poland, which together accounted for 12.8 percent. In addition to Egypt, Sudan and DRC, other African markets for Kenya's tea, in order of their respective market shares in 2021, were Nigeria, Somalia, Ivory Coast, Burkina Faso, Chad, South Africa, South Sudan, Djibouti and Ghana.

As shown in Table 4, Ghana's imports of Kenyan tea are quite modest but steady, and by participating in the GTI, Kenya is seeking to consolidate and even accelerate its presence in this market, spurred by the preferences offered under the AfCFTA. Moreover, considering that the fastest growing export markets for Kenyan tea between 2020 and 2021 are Sudan, DRC and Egypt, Kenya may indeed have great potential to expand its tea exports to Africa.

TABLE 4 | Kenya Global Tea Exports in USD million, 2018-2021

Destination	2018	2019	2020	2021
Total Global Exports	1470.00	1190.00	1200.00	1200.00
Pakistan	552.00	429.00	495.00	471.00
Egypt	174.00	169.00	148.00	170.00
UK	143.00	120.00	141.00	114.00
UAE	110.00	55.60	62.60	68.00
Russia	49.70	33.20	43.60	49.80
Yemen	47.00	49.20	42.30	42.50
Sudan	44.30	35.00		35.30
Kazakhstan		32.90	37.00	32.30
Poland	20.60	15.00	19.30	19.30
DRC				23.70
Nigeria	12.20	9.16	12.30	8.00
Somalia	6.28	5.71	5.72	5.35
Cote d'Ivoire		0.80	1.94	3.22
Burkina Faso		0.58	1.09	1.70
Chad	0.62	0.53	0.96	1.10
South Sudan	1.22	1.35	0.85	1.01
South Africa	1.91	1.36	1.60	1.10
Djibouti		0.90	0.90	0.76
Ghana	1.93	1.20	1.51	1.00
Afghanistan	115.00	88.30		
Rest of World	190.24	141.21	184.33	150.86

Source: Observatory of Economic Complexity

3.4 GHANA: GLOBAL SOURCES OF TEA IMPORTS

Table 5 shows that total global tea imports to Ghana in 2019 were USD 2.9 million, a significant decrease from USD 4.9 million in 2015. The major suppliers were Kenya, Sri Lanka, United Arab Emirates, United Kingdom, Nigeria and China. Ghana's imports from Kenya increased dramatically from negligible (in 2016) to account for 38% of total tea imports in 2018 and 2019, while Ghana's imports from Nigeria declined sharply in 2019 from 2018, although still significantly higher than in previous years. Although Kenya and Nigeria have historically been the only major African suppliers of tea to Ghana (Table 5), sourcing from Cameroon and Rwanda under the GTI can be seen as opening up new import opportunities from the rest of Africa offered through the AfCFTA trade regime.

TABLE 5 | **Ghana: tea imports 2015-2019 (values in '000 USD)**

Exporters	2015	2016	2017	2018	2019
Total Global Exports	4,903	3,384	3,697	4,071	2,876
Kenya	-	1	-	1,570	1,120
Sri Lanka	1,673	856	1,243	922	771
United Arab Emirates	1,943	1,537	1,636	464	367
United Kingdom	261	284	237	263	169
Nigeria	-	6	37	451	149
China	230	121	156	95	81

Source: ITC Trade map statistics

3.5 RWANDA: GLOBAL COFFEE EXPORTS

Coffee is an important export product for Rwanda and was the sixth most exported product in 2021. However, as shown in Table 6, Rwanda's global coffee exports declined from USD 83.1 million in 2019 to USD 71.7 million in 2021, partly due to the disruption of production and supply chains during the covid pandemic. The main destination markets for Rwanda's coffee exports in 2021 were Kenya, Sweden, the US, Germany, and Russia, which together accounted for 52.5% of the country's total coffee exports. Other important and regular markets for Rwanda's coffee include Finland, the United Kingdom, China, Belgium, Japan and South Korea. The fastest growing export markets for Rwanda's coffee between 2020 and 2021 were Kenya, Sweden and Malaysia.

Apart from Kenya, exports to other African markets (mainly Zambia, South Sudan, South Africa, Eswatini, Uganda and Egypt) have been consistently low and in some cases volatile. No coffee exports were recorded from Rwanda to Ghana during this period. By participating in the GTI, Rwanda is now pursuing the Ghanaian market, taking advantage of the opportunities offered by the AfCFTA preferences.

TABLE 6 | **Table 6: Rwanda Global Coffee Exports in USD million, 2018-2021**

Destination	2018	2019	2020	2021
Total Global Exports	81.3	83.1	74.1	71.7
Kenya	4.11	0.99	3.38	9.79
Sweden	5.71	6.80	5.60	9.79
USA	29.40	23.90	23.0	9.21
Germany	6.17	5.18	7.59	5.56
Russia	0.89		2.50	3.27
Finland	2.20	3.18	2.89	3.14
UK	5.14	3.68	3.85	2.90
China	0.20	0.31	0.83	2.35
Belgium	2.62	1.93	1.31	2.14
Japan	2.29	2.63	1.77	1.99
South Korea	1.14	1.34	1.32	1.77
Malaysia		0.72		1.57
Zambia				1.22
South Sudan	0.98	3.48	1.99	1.11
South Africa	0.85	1.16	0.50	0.89
France	2.08	1.40	3.18	
Eswatini			0.6	

Destination	2018	2019	2020	2021
Uganda	5.71	7.48	0.14	
Egypt			0.11	
Rest of World	11.81	18.92	13.54	15

Source: Observatory of Economic Complexity

3.6 GHANA: GLOBAL COFFEE IMPORTS

Table 7 shows that Ghana's total global coffee imports are modest and erratic. They decreased from USD 1.14 million in 2018 to $0.74 million in 2020 and increased to USD 1.52 million in 2021. In 2021, Ghana imported coffee primarily from Switzerland, Italy, the United Arab Emirates, South Africa, and Nicaragua. Africa accounted for less than 10 percent of Ghana's total coffee imports, all of which came from South Africa. No coffee imports from Rwanda were recorded between 2018 and 2021, indicating that Rwanda's participation in the GTI is aimed at accessing the Ghanaian market for coffee, spurred by the trade concessions offered under the AfCFTA.

TABLE 7 | **Ghana Origin of Global Coffee Imports in USD million, 2018-2021**

Origin of Imports	2018	2019	2020	2021
Total Global Imports	1.14	0.96	0.74	1.52
Switzerland	0.21	0.20	0.40	0.62
Italy	0.33	0.32	0.14	0.30
UAE				0.22
South Africa	0.14	0.19	0.10	0.14
Nicaragua				0.12
Lebanon	0.17	0.09	0.10	
Rest of World	0.29	0.16		0.12

Source: Observatory of Economic Complexity

3.7 GHANA: GLOBAL EXPORTS OF CERAMIC TILES

Ghana's ceramic tiles were mainly exported to other ECOWAS countries, taking advantage of the preferential market offered by the Customs Union. The main African markets are Côte d›Ivoire, Burkina Faso, Mali, and Togo, which together accounted for 97 percent of total exports in 2019. As shown in Table 8, total ceramic tile exports increased dramatically from USD 348,000 in 2017 to USD 19 million in 2019.

TABLE 8 | **Ghana: Global Exports of Ceramic Tiles 2015-2019 (in USD million)**

Importers	2015	2016	2017	2018	2019
Total Global Exports	-	2	348	9,649	19,117
Côte d'Ivoire	-	-	-	3,741	6,587
Burkina Faso	-	-	42	3,242	6,255
Mali	-	-	-	1,604	3,996
Togo	-	-	249	807	1,703
Guinea	-	-	-	-	281
Niger	-	-	29	128	159
Senegal	-	-	28	128	113

Source: ITC Trade map statistics

Although Table 8 shows that there is no record of Ghana exporting ceramic tiles to Cameroon between 2015 and 2019, trade in these products between the two countries while existant, was negligible. Cameroon's global imports of ceramic tiles come mainly from India, France, and Turkey. However, under the GTI, Ghana sought to take advantage of increased market opportunities in Cameroon by taking advantage of trade concessions offered under the AfCFTA and exported a consignment of ceramic tiles.

3.8 CAMEROON : GLOBAL EXPORTS OF DRIED PRUNES

As shown in Table 9, Cameroon's global exports of dried prunes in 2021 amounted to only USD 3,410. However, this was a phenomenal increase of 4.5 times compared to USD 750 in 2018 and a twofold increase between 2020 and 2021. The main destinations for Cameroon's dried prune exports in 2021 were Canada, which accounted for 92.7% of the country's total global exports, and Switzerland, which accounted for the remaining 7.3%. Finaland was the only export destination in 2020, while Cote d'Ivoire accounted for 42.7% of Cameroon's global exports in 2019. There is no record of dried prune exports to Ghana prior to the GTI, suggesting that Cameroon may seek to increase its dried prune exports to Africa by taking advantage of AfCFTA market opportunities.

TABLE 9 | **Cameroon Global Exports of Dried Prunes USD '000, 2019-2021**

Destination	2019	2020	2021
Total Global Exports	0.75	1.56	3.41
Canada	0.43		3.16
Switzerland			0.25
Finland		1.56	
Cote d' Ivoire	0.32		

Source: Observatory of Economic Complexity

3.9 GHANA ORIGIN OF GLOBAL IMPORTS OF DRIED PRUNES

In 2021, Ghana imported a paltry USD 1,880 worth of dried prunes from around the world. Table 10 shows that Ghana's global imports of dried prunes were very low and showed a dramatic downward trend between 2019 and 2021, falling by 48.4 percent during in 2020 and a further 63 percent in 2021. Ghana imported prunes mainly from the United Arab Emirates (95.8%), followed by Turkey and South Africa, which accounted for 2.1 percent and 2.0 percent of global imports in 2021, respectively. South Africa is the only country that consistently supplied dried plums throughout the period, amidst a sustained decline. The Netherlands and the United Kingdom were also relatively important suppliers in 2019. There is no record of Ghana importing dried prunes from Cameroon prior to the GTI, which has now opened up opportunities for both countries to take advantage of the trade preferences offered under the AfCFTA agreement.

TABLE 10 | **Ghana Origin of Global Imports of Dried Prunes USD '000, 2019-2021**

Origin of Imports	2019	2020	2021
Total Global Imports	10.5	5.08	1.88
UAE		0.16	1.80
Turkey			0.04
South Africa	2.06	1.50	0.04
Netherlands	0.57	3.42	
France	6.33		
UK	1.10		
Spain	0.31		
Rest of World	0.13	0	0

Source: Observatory of Economic Complexity

04 FINDINGS: INSTITUTIONAL ARRANGEMENTS

This section outlines the key institutional arrangements in place in selected countries of focus that were participating State Parties, as well as their respective import and export procedures and experiences under the GTI.

4.1 INSTITUTIONAL ARRANGEMENTS FOR THE GTI

4.1.1 THE ROLE OF AFCFTA SECRETARIAT IN COORDINATING AND FACILITATING TRADE UNDER GTI

In addition to the coordinating and facilitating role of the AfCFTA Secretariat in the GTI, the following specific functions were performed by the various departments:

I. The Rules of Origin Division played a critical role in assisting participating State Parties to understand the applicable rules of origin for the targeted products and to sensitize them on the requirements of the AfCFTA Certificate of Origin;

II. The Market Access Division assisted the GTI Main Ad Hoc Committee and participating State Parties on the applicable AfCFTA tariffs and monitored the compliance of the State Parties with the checklist for trade under the GTI.

III. The Non-Tariff Measures Division supported the Subcommittee on Non-Tariff Measures (NTMs) in reviewing and collecting available NTMs applicable to goods covered by the AfCFTA GTI, particularly in export markets;

IV. The Directorate of Customs and Trade Facilitation provided capacity building on the electronic tariff book and required trade documents under the AfCFTA; and

V. The Communications Division was responsible for publicity, press engagement, planning and implementation of the launch of the GTI. In liaison with the respective GTI Participating States, it captured the key milestones in the movement of export shipments from the factory gate to the destination market.

In preparation for the launch of the GTI, the AfCFTA Secretariat identified the following critical risks and success factors for participants to consider:

I. The AfCFTA trade regulatory framework should be ready to support actual trade under the AfCFTA Agreement;

II. The establishment of the coordination/ cooperation mechanism is essential to expedite the realization of the benefits of the AfCFTA;

III. Logistical arrangements and capacity can be a barrier to AfCFTA trade, especially for SMEs and small shipments;

IV. The need to promote private sector engagement in the AfCFTA through special intensive awareness programs;

V. The need for creative, African-tailored solutions to trade finance and transport challenges;

VI. The GTI alone is not sufficient; there is a need for State Parties to continuously drive the implementation process, in particular the need to mobilize businesses interested in both exporting and importing; and

VII. The need for trade aggregators to leverage economies of scale.

4.1.2 CAMEROON INSTITUTIONAL ARRANGEMENT FOR THE GTI

The Cameroon National Implementation Committee was established by Prime Ministerial Decree No. 039/PM of 29 March 2021, which provides for the creation, organization and functioning of the Inter-Ministerial Committee. The Committee is responsible for monitoring and evaluating the implementation of the AfCFTA Agreement. The GTI institutional arrangement has been operationalized under the National and Follow-up Committee for the Implementation of the AfCFTA. This committee comprises both public and private sector representatives involved in the trade facilitation process, including standards, food and agricultural inspection, revenue collection, ministries and government agencies, logistics and distribution. The Ministry of Commerce plays a coordinating role and chairs the committee. The vice-chair is the Chamber of Commerce.

4.1.3 GHANA INSTITUTIONAL ARRANGEMENT FOR THE GTI

The National AfCFTA Coordination Office (NCO) was established in March 2020, under the Ministry of Trade and Industry, as the focal point for coordinating the Government of Ghana's policy and strategic response to the AfCFTA Agreement. Other functions of the NCO include

- Liaising between the AfCFTA Secretariat and the Government of Ghana, through the Ministry of Trade and Industry, to support the smooth functioning of the AfCFTA Secretariat;
- Providing the private sector with information necessary for effective decision-making and participation in trade; and
- Monitoring and evaluating Ghana's national AfCFTA action plans and programs.

In fulfilling its coordinating role, the National Coordinating Office worked with other national institutions in both the public and private sectors to facilitate the importation of products into Ghana under the GTI. Key stakeholders it coordinated with included the Ghana Revenue Authority

(GRA) Customs Department, the Ghana National Chamber of Commerce and Industry, the Ghana Food and Drugs Authority, the Ghana Standards Authority, and the Ghana Export Promotion Authority.

THE NCO IS PART OF THE NATIONAL INSTITUTIONAL FRAMEWORK, WHICH IS STRUCTURED AS FOLLOWS

INTER-MINISTERIAL FACILITATION COMMITTEE

provides strategic direction and coordinates policy support for the implementation of AfCFTA; & Comprises of Ministers for: Trade and Industry, Foreign Affairs and Regional Integration, Finance, National Security and Justice and Attorney General.

TECHNICAL WORKING GROUPS ON AFCFTA (7)

Trade Policy, Trade Facilitation, Information, Infrastructure, Finance, Factor Market Integration and Productive Capacity

NATIONAL AFCFTA STEERING COMMITTEE

provides technical guidance for the execution of the National Action Plan

NATIONAL AFCFTA COORDINATION OFFICE

Highlighted in Box 2 below is an account of events leading up to the launch of the GTI.

BOX 3: How GTI Pilot Launch Preparations Unfolded in Ghana

1. Establishment of Ad hoc committees - Ghana NCO, AfCFTA Secretariat and participating State Parties
2. Checklist to guide State Parties on key requirements for trade under the AfCFTA developed and shared by the Secretariat
3. Selection of 100 companies to participate (by Ghana NCO and Ghana Revenue Authority)
    - Briefed companies on GTI and participating countries
    - Identified interest of companies to participate
    - Agreed list of products to be traded
    - Coordinated collaboration with trade facilitating agencies - Customs, Food and Drugs Authority and Ghana Standards Authority
    - List of eligible products submitted to AfCFTA Secretariat
    - Matchmaking - Customs and Ghana's foreign missions assisted in identifying counterpart traders in participating markets
    - Finalized logistics and shipping arrangements

Source: Ghana NCO

4.1.4 RWANDA INSTITUTIONAL ARRANGEMENT FOR THE GTI

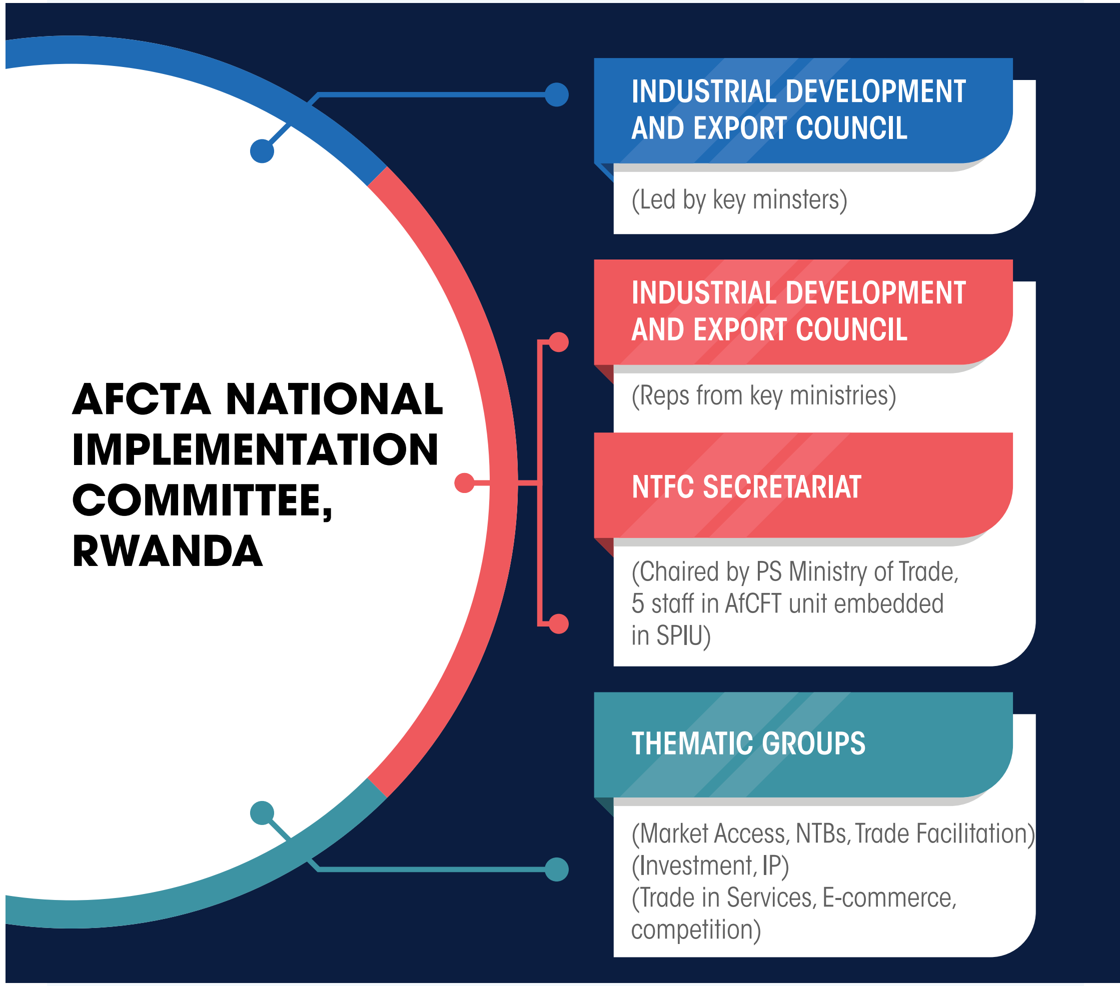
Rwanda's AfCFTA National Implementation Strategy is the blueprint for identifying key products, services and markets to be prioritized. The AfCFTA National Committee, which serves as the ad hoc committee for the GTI, was established through the AfCFTA National Implementation Strategy. It is based on the existing National Trade Facilitation Committee (NTFC). Membership of the Ad Hoc Committee is composed of both private and public stakeholders involved in the trade facilitation chain.

The institutional structure of the AfCFTA National Implementation Committee is illustrated in Figure 1. The NTFC, which is responsible for technical coordination, reports to the high-level Industrial Development and Export Council, which is chaired by the Minister of Trade and Industry and comprises key ministers and private sector representatives. The Industrial Development Council provides oversight, coordination and guidance for the implementation of national policies and strategies related to industrial growth. There are also a number of thematic working groups. The Rwandan High Commission in Accra played a critical role in identifying business opportunities, facilitating business matchmaking, and encouraging private sector participation in the GTI.

Image | African Continental Free Trade Area Business Forum | Kigali, 20 March 2018

Source: https://www.flickr.com/photos/paulkagame/40917623621

FIGURE 1 | **Rwanda National Implementation Committee**



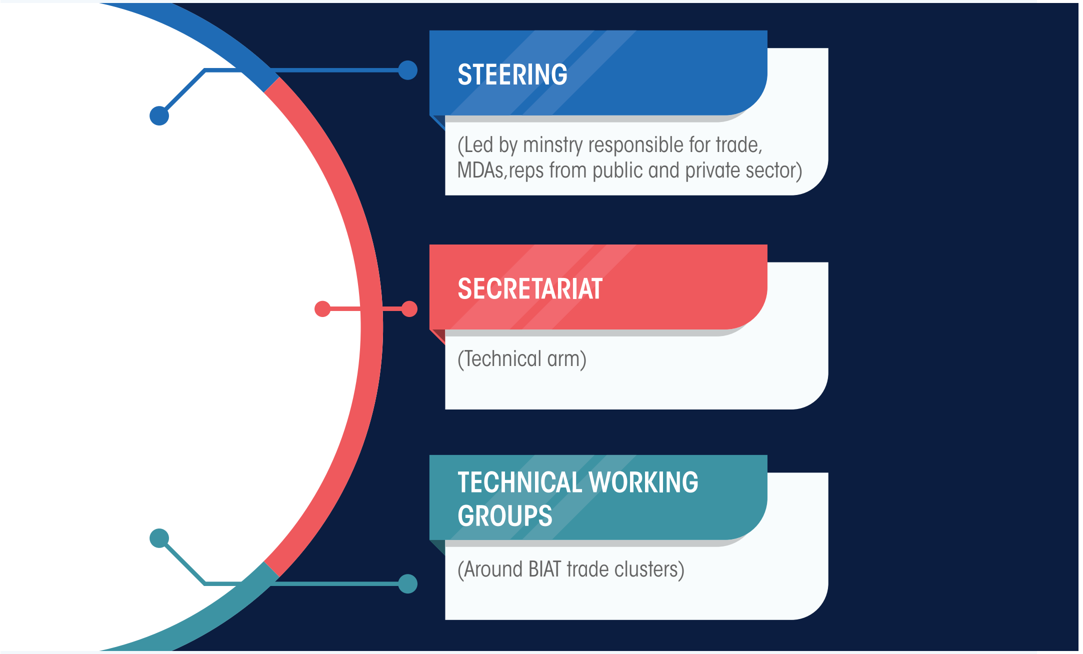
Source: ODI, 2023, "AfCFTA National Implementation Committees: Scoping options and support mechanisms"[5]

5 ODI, 2023, "AfCFTA National Implementation Committees: Scoping options and support mechanisms", p 5.

4.1.5 KENYA INSTITUTIONAL ARRANGEMENT FOR THE GTI

The AfCFTA National Implementation Committee (NIC) was established in accordance with the adopted AfCFTA National Implementation Strategy (2022–2027) to ensure effective and coordinated implementation of the AfCFTA National Strategy. The NIC is housed within the Ministry of Trade. Its members are drawn from Ministries, Departments and Agencies (MDAs), representatives of County Governors and private sector associations, relevant academic and research institutions and non-governmental organizations (NGOs). The structure of the NIC is shown in Figure 2.

FIGURE 2 | **Kenya National Implementation Committee**



Source: ODI, 2023, "AfCFTA National Implementation Committees: Scoping options and support mechanisms

TO PREPARE FOR PARTICIPATION IN THE GTI, KENYA:

- Established a National Ad Hoc Committee with the responsibility to coordinate and facilitate the implementation of the GTI. Key members included representatives from the private sector[6] and public sector[7] institutions involved in trade promotion, administration and facilitation.
- Printed all necessary AfCFTA trade documents (i.e. customs declaration and transit forms, certificates of origin, etc.) to facilitate the clearance and movement of goods under the GTI.

The Trade Attaché of the Kenya High Commission in Ghana, working in conjunction with the Ghana National Coordination Office and the AfCFTA Secretariat, played an important coordinating role. This included providing relevant market information, identifying potential trade opportunities, and matching companies in Kenya with counterparts in Ghana.

4.2 IMPORT PROCEDURES AND REQUIREMENTS

4.2.1 CAMEROON IMPORT PROCEDURES AND REQUIREMENTS[8]

The following is a summary of the procedures and requirements for registering and conducting business in Cameroon.

I Formalities of obtaining the status of importer/exporter

The process consists of three steps:

- Registration in the Trade and Furniture Credit Register;

6 Kenya Manufacturers Associations, logistics and transport operators.

7 Kenya Revenue Authority, Kenya Ports Authority, Kenya Standards and quality inspection bodies, Government ministries responsible for Trade and Industry, Agriculture, and Finance.

8 Cameroon Trade Portal accessed from https://www.camerontradeportal.cm/tradeportal/index.php/en/procedure-3/importation

- Obtaining the dealer card; and
- Obtaining the exporter/importer card (registration in the exporter/importer register).

II Import procedures in Cameroon

All import procedures are grouped in the Single Window of Foreign Trade Operations (e-Guce) platform through the single e-Force Foreign Trade Operations form. This single window brings together all the services involved in the import process.

The import process consists of five steps:

- Prior declaration of importation;
- Obtaining the Certificate of Origin;
- Pre-entry inspection;
- Technical formalities; and
- The domiciliation of imports.

Clearance procedure

At the port of Douala, the main office of Douala Port 7 and Parc Auto handles customs clearance operations.

4.2.2 GHANA GENERAL IMPORT REQUIREMENTS

Goods imported into Ghana must meet the following import requirements: Ghana Customs requirements for import clearances, Food and Drugs Authority requirements for products under its mandate, and Ghana Standards requirements.

Ghana Foods and Drugs Authority and Ghana Standards requirements

Import requirements for pre-packaged foods (e.g., coffee, tea, processed meats, and dried fruits) are:

I Import permit and phytosanitary certificate issued by the Ministry of Food and Agriculture (MOFA) in accordance with the Plant and Fertilizer Act, required for importing or transporting a plant or plant material

II Registration of pre-packaged foods with the Food and Drug Authority in accordance with FDA guidelines.

III Labeling requirements of the Food and Drugs Authority as specified in the Ghana Standards Authority General Labeling Rules;

IV Storage and transportation requirements from the Food and Drug Authority requiring inspection of dry/chilled food storage facilities (food warehouses) to ensure compliance with Good Warehouse Practices (GWP).

V Inspection requirement by the Ministry of Health (MOH) and Food and Drugs Authority under the Public Health Act, which requires the Authority to keep and maintain in the prescribed manner a register containing the certificate of analysis issued by the manufacturer and certified by an authority of the importing or exporting country;

VI Certification and Inspection Requirements

Ghana Standard Authority:

- Requires that all imported high risk commodities be accompanied by a Certificate of Analysis (COA) or Certificate of Conformance (COC) with reference to the applicable standard specification issued by the competent laboratory, preferably in the exporting country.
- Prohibits the importation into Ghana of any food that has not been certified by the Board as meeting required standards;
- Food and Drug Authority requires that all importers apply for a dry/cold food storage facility license

VII Product quality, safety, or performance requirements under public health laws implemented by the Department of Health and Human Services and the FDA require that:

- No person shall import, manufacture, package, label, advertise, store, deliver, distribute, trade, sell or export food for human or animal consumption that is not fortified in accordance with the Regulations or Guidelines;
- Food is fortified when additives (such as potassium iodate, protein, essential amino acids, vitamins, minerals, essential fatty acids, or other nutritional substances) are added to increase its nutritional value; and
- FDA prescribes and enforces the standards for food fortification.

VIII Product registration/approval requirements under the Public Health Act, implemented by the Ministry of Health and the FDA, which require that no person shall manufacture, import, export, distribute, sell or supply food or expose food for sale unless the authority has registered the food.

IX A Ghana Standards Authority test requirement that requires the testing of samples to determine, directly or indirectly, that the product conforms to the applicable standard.

X Point of Entry Inspection Requirement by the Ghana Standards Authority that requires the imported good to be subjected to visual inspection of the product label and assessment of relevant quality attributes at the point of entry.

XI Non-Automatic Import Licensing Procedures, Other Than Permits Covered under SPS and TBT

- All importers of high risk commodities are required to register with the Ghana Standards Authority.
- The Public Health Act, as implemented by the Ministry of Health and the FDA, requires that no person shall carry on the business of an exporter or importer of food unless that person has been registered by the Authority as an exporter or importer under this Part and has complied with the regulations and guidelines.

XII Import Requirements Specific to Pre-packaged Foods

- Only companies duly licensed by the FDA as importers in accordance with Part 7, Section 122(1) of the Public Health Act, Act 851 of 2012 are permitted to import products.

- Pre-packaged food to be imported, distributed or sold for local consumption must first be registered with the FDA in accordance with Part 7, Section 97 of the Public Health Act, Act 851 of 2012.
- Prepackaged foods imported for distribution or sale for local consumption must have at least two-thirds of their shelf life intact at the time of clearance at the port of entry.
- Importers are required to obtain an eMDA approval for all imports/consignments of pre-packaged food prior to importation, as only approved eMDAs will be used for clearance of pre-packaged food at the port of entry.
- All incoming shipments of pre-packaged food must be physically inspected at the port of entry, including post-entry applications.

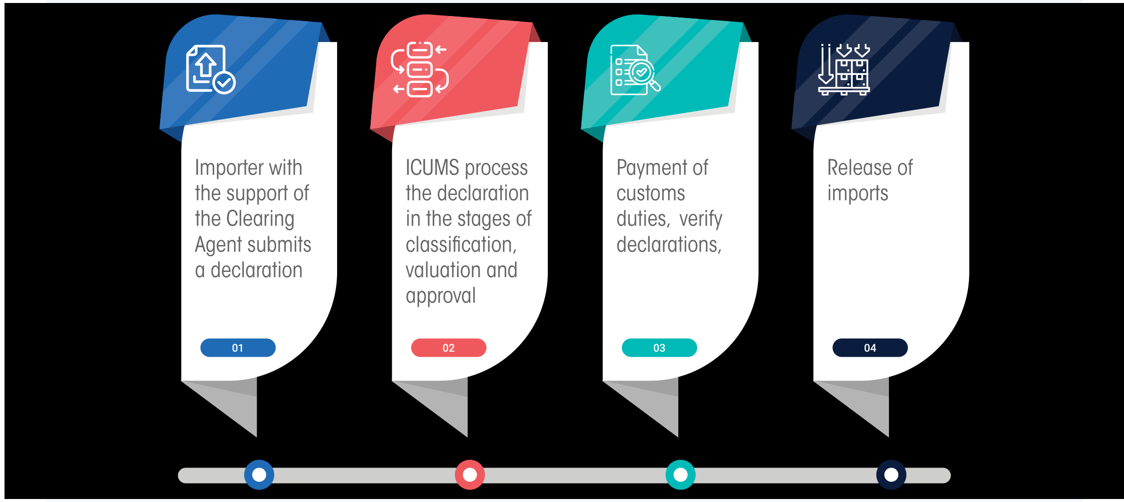
4.2.3 GHANA REVENUE AUTHORITY CUSTOMS IMPORT PROCEDURES

The importer must be in possession of the following documents before or at the time of arrival of the imported goods at the ports of Ghana to facilitate the clearance process.

- Original bill of lading or waybill;
- Certified invoice;
- Packing List;
- Import Declaration Form (IDF) from the Ministry of Trade;
- Taxpayer Identification Number (TIN) from GRA or Ghana Card PIN; and

- Required permit(s) from any of the regulatory agencies, depending on the nature of the goods. i.e. FDA, Ghana Standards Authority, etc..

FIGURE 3 | **The procedures to be followed to successfully clear imported goods into Ghana**



As shown in Figure 3, a declaration is submitted to the Integrated Customs Management System (ICUMS), which processes the declaration and, if successful, generates a tax invoice. Payment of duties and taxes is made at participating banks. The tax invoice received from the bank is presented to the Examining Officer, Scanning Officer or Releasing Officer at the exit gate, depending on the risk level, which is indicated by different colors: Red–Mandatory Physical Inspection; Yellow–Digital Scanning; and Green–Released at the Gate but automatically scanned on exit from the MPS (Meridian Port Services Limited) port.

4.3 EXPERIENCE OF PARTICIPATING ACTORS IN THE GTI

The experiences summarized below show that the concerted efforts of key public and private sector actors and service providers in both exporting and importing countries to coordinate, facilitate and support preferential trade under the AfCFTA have yielded the desired positive results, including for participating SMEs. This was despite some delays and difficulties in arranging efficient shipment of some products, challenges in properly completing trade documentation, and issues related to customs clearance processes, particularly in the receiving country. It is also evident that some business actors had unrealistic expectations of what tariff liberalization under the AfCFTA would entail, believing that tariffs and domestic taxes, levies and fees on imports would be completely eliminated from the outset.

4.3.1 KEDA GHANA CERAMICS COMPANY LTD EXPERIENCE IN EXPORTING CERAMIC TILES TO CAMEROON

The company employs over 2,500 people and produces a wide range of floor and wall tiles using locally sourced inputs, with only 1 percent of its inputs imported.

The company was already trading with Cameroon on MFN terms. However, under the AfCFTA, Cameroon offers preferential market access as ceramic products (HS codes 690721, 690722, 690723) are classified in Category A for immediate liberalization. The duties and taxes payable in Cameroon for these products are:

- Customs duty of 24 percent under AfCFTA; this is a 20 percent reduction from the 30 percent MFN rate;
- 17.5 percent VAT (CIF + customs + excise);
- 1 percent of CIF value as Community Integration Tax; and

- 0.05 percent being OHADA charge.

The importer in Cameroon was SUNDA Cameroon Ltd. Keda Ghana Ceramics Company Ltd reported that it experienced delays in the processing of its AfCFTA certificate of origin at the Ghana Revenue Authority. When imported into Cameroon, the products did not qualify for AfCFTA preferences. The reason given was an error on the Certificate of Origin, which may have incorrectly identified the products as being of Chinese origin. As a result, the products paid full import duties at the MFN rate of 30 percent. However, it should be noted that at the time of the investigation it was not known whether any remedial action had been taken to correct the error and resolve the issue.

4.3.2 MAZIA COMPANY ENTERPRISE EXPERIENCE IN IMPORTING TEA AND DRY FRUITS FROM CAMEROON

Two Cameroonian companies exported tea and dried fruits to Ghana. These were Afatex Limited, which exported both products, and Cameroon Tea Estate, which exported only tea. The importer in Ghana for both products was Mazia Company Enterprises (and Farm Fresh Exotics and Livestock Enterprises), a registered agribusiness engaged in the processing of honey, tea and dry fruits to supply the Ghanaian market.

Prior to importation, Mazia Company Enterprises was required to comply with applicable phytosanitary standards and other requirements enforced by the FDA, the Ghana Standards Authority and the Ministry of Health. Examples of these requirements include import permits, certification, labeling, and physical inspections.

When importing by air from Cameroon, the company reported delays of six days in the clearance and release of goods at the airport. The delays were reportedly related to customs product classifications, where the products could not receive the appropriate product classification at the airport, and also due to the importer's failure to pay customs duties on time.

The importer further reported that limited information was provided regarding the applicable import requirements in Ghana and that they believed that trading under the AfCFTA preference regime meant that both customs and domestic taxes would not be payable.

During the customs clearance process, both products were placed under Category A for immediate tariff liberalization in the ECOWAS AfCFTA Schedule of Tariff Concessions. Ghana's Most Favored Nation (MFN) import duty rates are 10 percent for tea and 20 percent for dried fruits before taking into account AfCFTA tariff concessions. When the customs declaration was submitted to the Ghana Revenue Authority, the two products were combined on a single bill of entry, which resulted in both products being classified under the dried fruit tariff for duty purposes. This meant that the higher duty rate of 16 percent for dried fruits was also applied to the tea. As a result, the importer paid a higher rate of duty on tea instead of 8 percent. It is unclear whether any remedial action was taken to unbundle the import declaration form to allow the two products to be processed separately so that the importer could benefit from AfCFTA tariff preferences for both products.

4.3.3 KENYA TEA PACKERS (KETAPA) EXPERIENCE IN EXPORTING TO GHANA

The Kenyan company exporting tea to Ghana was the Kenya Tea Packers Association (Ketapa), a subsidiary of the Kenya Tea Development Agency Limited (KTDA), the largest umbrella organization of smallholder farmers in the world with over 650,000 members. These farmers own over 60 tea processing factories and produce just over 60% of all Kenyan tea.

KETAPA shipped the first consignment of a 20-foot container containing 1700 cartons of tea to Ghana. The tea shipment was flagged out of Kenya on October 5, 2022 and arrived in Ghana in mid-December 2022. The Ministry of Trade played a critical role in coordinating key trade facilitation agencies in Kenya to clear the tea for export. These agencies included the Kenya Revenue Authority, which issued the AfCFTA Certificate of Origin, the Kenya Bureau of Standards for certification, the Kenya Port Authority to expedite port clearances, and the Kenya Tea Development Agency, which mobilized the smallholder tea farmers. Customs officials were supportive and demonstrated a high level of cooperation in facilitating the first shipment. Verification and issuance of certificates of origin were prompt.

The export procedures are automated under the KENTRADE interface single window managed by a government agency under the National Treasury mandated to facilitate cross-border trade and to establish, manage and implement the national electronic single window system (Kenya TradeNet System).

In terms of getting the shipment from Kenya to Ghana, the biggest challenge was finding shipping lines that would deliver the shipment directly to Accra. Due to the low level of intra-African trade, there are not enough shipments destined for the African market, so the shipping line has to pick up other shipments from elsewhere.

In identifying priority products, Kenya considered, among other things, what the country's main exports are, the quality of the products, the penetration and usefulness of the product in the target market, the availability of the product, products from SMEs, the profile of the company and its ability to export.

In Ghana, based on the goodwill and cooperation mechanism between the two standards bodies of Kenya and Ghana, the clearance and related release process was smooth.

The Kenyan Embassy in Ghana, in collaboration with the relevant trade facilitation agencies in Ghana, coordinated the speedy customs and other necessary regulatory clearances for the shipments.

In an interview, the Secretary Trade of the Ministry of Foreign Affairs for Trade in Kenya highlighted the changes needed to make GTI more effective and support the AfCFTA implementation processes as follows:

I. Key actors, in particular trade facilitation agencies and regulators, need to be sensitized and their capacity built;
II. Establish a forum or link for consultation between counterpart organizations to facilitate interaction and sharing of experiences, ideas and challenges as well as to link businesses;
III. Develop a database of products and companies identified under GTI to enable matchmaking and networking;
IV. Streamline certification procedures and processes;
V. Identify and engage transportation and logistics companies to initially support the GTI process;
VI. Establish a credit line for exporters under GTI, which should also benefit SMEs.
VII. Concessions from airlines/cargo flights where feasible; and
VIII. Enhance the participation of women, youth and other vulnerable groups in the GTI process through sensitization and awareness raising, provision of special affordable business finance and inclusion of women, youth and other vulnerable groups in national implementation strategies.

4.3.4 RWANDA EXPORTERS OF COFFEE AND TEA GTI EXPERIENCE TO GHANA

Igire Coffee was established as part of the next phase in the development of Rwanda's coffee industry. The company's mission is to continue the development of the Rwandan coffee industry by adding value to the raw material (green coffee) produced in Rwanda. In order to carry out its export order, the company was required to obtain the permits/licenses listed in Table 7:

TABLE 11 | Permit/License Requirements for Exporting Coffee

Issued By	Regulatory Requirements	Explanation
National Agricultural Export Development Board (NAEB)	Coffee export license	
	AfCFTA Certificate of Origin	
	Certificate of quality	Specifies type and grade of coffee to be exported
Rwanda Agriculture and Livestock Inspection and Certification Services (RALIS)	Phytosanitary certificate	Certification that the products covered by the certificate have been inspected according to appropriate procedures and are considered free from quarantine pests and that they are considered to be in compliance with the applicable phytosanitary regulations of the importing country
Ghana Standards Authority	Coffee certification	
Ghana Foods and Drugs Authority	Food and drugs permits	

Source: Government of Rwanda

To increase its presence in the market, Igire Coffee registered a company in Ghana called B.B. Harrington Ventures to facilitate the distribution of its products and increase domestic sales. The coffee consignment was transported by Rwanda Air at concessionary rates and the transportation time from Rwanda to Ghana was less than 7 hours. Upon arrival of the shipment at the Ghana airport, a clearing agent entered the details into the Ghana Revenue Authority ICUMS. The shipment qualified for a preferential duty rate of 8 percent compared to an MFN rate of 10 percent, and the importer paid duty accordingly. Two weeks after the shipment was released and the coffee had already been sold, Ghana Customs informed the importer that the original valuation had been incorrectly excluded the cost of insurance and requested that the duties be reassessed based on the corrected cost, insurance and freight value.

Igire Coffee complained that, in addition to customs and import duties, its registered agent in Ghana was subject to numerous other domestic charges and levies, as listed below. These include fees payable directly to Customs, as well as administrative fees and fees paid for services rendered to other agencies and service providers involved in the processing or facilitation of imports.

- **A** Import VAT;
- **B** ECOWAS levy;
- **C** Ghana Shippers Authority SNF Fee;
- **D** Import NHIL;
- **E** IRS tax deposit

- **F** GHS Disinfection Fee
- **G** Ministry of Trade and Industry e-IDF fee;
- **H** Special Import Duty;
- **I** Ghana Export Import Bank (EXIM) levy;
- **J** Ghana Education Trust (CET) Fund import levy;
- **K** Network Charge CET Fund Levy;
- **L** Inspection Fee;
- **M** COVID–19 Health Recovery Levy.

This illustrates the multiple layers of taxes, levies and other domestic fees and charges that are payable on importation of products into Ghana, in addition to customs duties, which together have the effect of increasing the cost of imports and may ultimately contribute to reducing the competitiveness of imported products.

See Box 3 for a summary of such taxes, levies and charges payable to or through the Ghana Revenue Authority. It should be noted, however, that such taxes and levies may also be applied in other AfCFTA State Parties. The focus on Ghana here is only due to the scope of the study, as Ghana took the lead in importing goods from other State Parties in the early stages of the GTI.

BOX 4: Charges Levied on Imports Additional to Customs Duties

Type of Duties, Levies Fees, and Charges	Details
Value Added Tax	**15 percent:** supply of goods and services made in Ghana. Import of goods
National Health Insurance Levy	**2.5 percent:** ▸ Import of goods ▸ Imported Services ▸ Supply of goods and services provided in Ghana
Ghana Education Trust Fund Levy	**2.5 percent on:** ▸ Import of goods ▸ Imported Services ▸ Supply of goods and services provided in Ghana
COVID-19 health recovery levy	**1 percent:** ▸ Import of goods ▸ Import of services ▸ Supply of goods and Services Provided in Ghana
Excise Duty	**Excise duty payable on:** ▸ Mineral and aerated water, non-alcoholic beer and drinks, energy drinks and fruit juices ▸ Malt drink ▸ Beer. wines and spirits ▸ Cigars, cigarettes, electronic cigarette liquids, electronic cigarettes, and electronic smoking devices ▸ Plastic and plastic products ▸ Textiles and pharmaceuticals
Examination Fee	
African Union Levy	0.2 percent on the value of eligible goods imported from Non-Member States of the AU
ECOWAS Levy	0.5 percent tax on CIF value of goods from non-ECOWAS Member States
Processing fee	▸ ICUMS fee: 0.75 percent of FOB value of imports ▸ customs processing fee: 1 percent of CIF value plus the duty on the import
Special Import Levy	2 percent on the CIF value of certain imported goods
Import Levy	2 percent on the CIF value of certain imported goods
Interest charge	
State Warehouse Rent	Charged on goods deposited in a state warehouse or Customs bonded warehouse
Advance eco levy	Charged on used electrical and electronic equipment and tires

Source: Ghana Revenue Authority and PwC

Igire Coffee proposes the following recommendations to improve the GTI and enhance AfCFTA trade among the State Parties.

I. The AfCFTA State Parties should initiate discussions among themselves on how to eliminate and rationalize some of the numerous domestic levies and fees for the benefit of trade under the AfCFTA;

II. Embrace the Buy Africa Build Africa initiatives that promote the participation of small and medium enterprises in AfCFTA trade;

III. Develop sustainable strategies to support and sustain the servicing of export markets to promote and strengthen linkages between large and small enterprises;

IV. Establish distribution and logistics chains that promote the circulation of AfCFTA products;

V. Changing the narrative that African-made products are inferior and encouraging ownership and consumption of made-in-Africa products; and

VI. Encourage value addition to raw and agro-processed products.

4.3.5 THE EXPERIENCE OF RWANDA MOUNTAIN TEA LIMITED

Rwanda Mountain Tea Limited is a privately owned holding company established in 2005 that is primarily engaged in tea production and also owns and manages three tea factories, namely Rubaya and Nyabihu Tea Factory, Kitabi Tea Factory and Tea Invest Company.

The company exported tea to Ghana under the GTI and its experience with export clearance in Rwanda is similar to that of Igire Coffee Company highlighted in Table 9 above. The company complained of delays and other challenges it encountered related to the slow manual process of obtaining the AfCFTA Certificate of Origin, where it had to physically pick up the form, complete it, and physically present it to the customs authorities for clearance.

Since the first shipment under the GTI, the company has continued to export and has completed three additional export orders to Ghana.

The main challenge identified by the company is related to transportation and logistics. Freight costs are high for small shipments: the charge was USD1.5 per kg, which made prices uncompetitive with competing suppliers within a 2-hour drive.

The company's recommendation included: the need to digitize the issuance of the AfCFTA Certificate of Origin to reduce the time it takes to obtain the certificate, and the need for exporters of small shipments to aggregate and negotiate preferential freight charges to at least USD1 per kg.

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SUMMARY OF FINDINGS

The experience with the AfCFTA GTI shows that it is a creative and innovative way to stimulate and enhance the start of trade under the AfCFTA. All stakeholders interviewed from the participating countries praised the GTI as a cornerstone for strengthening the Buy Africa Build Africa initiative, which in addition to supporting the continent's brands, also seeks to build the continent's image and competitiveness. The key findings of the study can be summarized as follows:

A. Increased opportunities to grow the African market: Some companies have shown a commitment to quickly take advantage of the opportunities offered by the AfCFTA's preferential trade regime. The case of Rwanda Mountain Tea Limited, which executed a total of 4 export orders during this short period, clearly demonstrates this.

B. Diplomatic Commercial Presence a Catalyst for Growing AfCFTA Trade: State Parties with diplomatic commercial presence in the target market found it easier to support, coordinate and complement the efforts of their business sectors as they sought to penetrate the new export market. The Trade Attaches and Commercial Representatives facilitated business-to-business engagement, conducted market intelligence and monitoring for their companies by identifying new markets and more export opportunities, and supported sales missions from home countries.

C. Transportation and logistics are key to facilitating trade flows: In the case of Rwanda Airlines and Cameroon, the presence of direct flights, coupled with the willingness and ability of airlines to offer preferential tariffs, enabled export consignments of tea and coffee to reach the destination market faster, while the preferential tariffs were critical in reducing the cost of doing business. There is therefore a need to establish African-centric distribution and logistics chains in the various markets to support the circulation of goods and trade under the AfCFTA, as opposed to foreign-owned distribution chains that are more geared towards supporting import flows from outside the continent.

D. The establishment of an institutional framework to support the implementation of the AfCFTA at the national level is critical for State Parties to maximize the benefits of the AfCFTA. State Parties without national AfCFTA institutional frameworks are encouraged to establish their NICs/ National Ad Hoc GTI Committees, which will facilitate the implementation of AfCFTA activities and strengthen coordination and accountability between the private and public sectors.

E. Limited awareness and understanding of the AfCFTA tariff liberalization regime has led to discouragement among exporters and importers, who have been under the impression that trading under the AfCFTA preferential regime means zero tariffs from the outset and no payment of other domestic taxes. Therefore, there is a need for increased information flow and interaction between customs authorities and the private sector to help the latter gain a deeper understanding of the AfCFTA tariff liberalization framework and how it works.

F. Ghana has a heavy, multi-layered trade tax regime, which makes the cost of importation high and potentially reduces the competitiveness of imported products. Consideration should be given to encouraging the country to reform its tax regime with a view to streamlining and possibly reducing some of the taxes, levies and fees imposed on imports. It should be noted that this finding may also apply to other AfCFTA State Parties that were not examined as part of this study.

G. Countries, such as Rwanda, that still process applications for AfCFTA certificates of origin manually need to digitize their processes to improve efficiency and reduce costs.

H. Raise awareness among stakeholders on the necessary requirements to trade under the AfCFTA framework, in particular understanding the AfCFTA rules of origin and how to accurately complete certificates of origin to avoid unnecessary non-compliance and loss of tariff preferences.

I. Create an enabling environment at the continental level to harness and support business-to-business networking and matchmaking and support the development of market intelligence platforms that connect exporters and importers.

J. Small and medium-sized exporters, including those owned by youth, women and other vulnerable groups, trading in small consignments face high freight and logistics costs. Aggregation of such shipments would enable these exporters to benefit from greater economies of scale and advocate for preferential freight rates.

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KEY LESSONS LEARNED

KEY LESSONS FROM THE INITIAL PHASE OF THE GTI INDICATE THAT:

I. The existence and functioning of a national AfCFTA institutional mechanism to coordinate stakeholder participation in trade under the AfCFTA (such as national implementation committees) is essential.

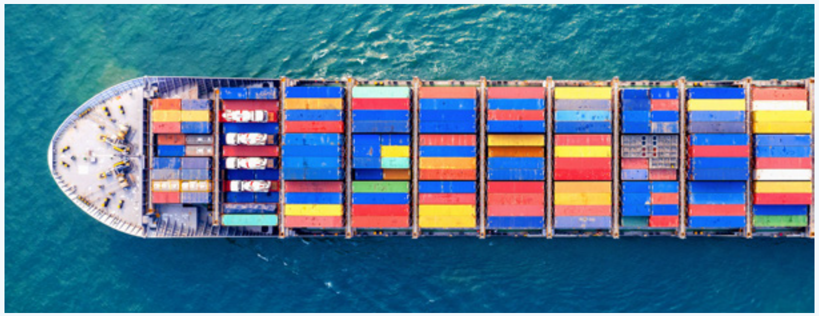
II. Active participation of the private sector is key, therefore sustained business-to-business networking within and among AfCFTA State Parties is necessary to consolidate the gains from trade.

III. Regulatory bodies such as standards bodies, customs authorities and other agencies involved in trade facilitation need to cooperate and coordinate their activities to minimize cross-border delays.

IV. Logistical arrangements and connectivity can be a barrier to AfCFTA trade, especially for small consignments;

V. There is a need to strengthen private sector engagement in the AfCFTA through dedicated, intensive awareness and capacity building programs;

VI. There is a need for creative, African-tailored solutions to trade finance and transportation challenges.



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WAY FORWARD

> Despite limited resources, the AfCFTA Secretariat has played and continues to play a critical role in coordinating and collaborating with relevant stakeholders to achieve significant progress in the GTI's initial phase, which has laid the foundation for its expansion to include all eligible countries and more products.

The next logical steps for the sustainability of the initiative are the full implementation of the AfCFTA beyond the GTI participating States and the normalization of preferential trade under the AfCFTA. In addition, continued capacity building and increased stakeholder awareness for both the public and private sectors in the AfCFTA State Parties will play an important role in generating and sustaining stakeholder interest.

The ultimate goal is to ensure that the AfCFTA is truly operational. The benefits of the initiative include improved implementation of the agreement, which in turn will increase inter-regional and intra-African trade, which would lead to the desired economic growth and development for the betterment of the continent as a whole.

FIGURE 4 | President Cyril Ramaphosa officiates South Africa first trade shipment under AfCFTA, 31 Jan

Source: https://www.flickr.com/photos/governmentza/53502540589

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ANNEX 1 : QUESTIONNAIRE GUIDE

1. Please provide the contextual background of your organization/company and your involvement in the GTI.
2. (For ministries only) Please describe and summarize your ministry's experience in the following areas:
   A. National experience with customs officials in facilitating the first shipment under the GTI?
   B. National experience with transportation, logistics and transit of the initial shipment from your country to the intended export market?
   C. Your experience in the export market?
   D. What were the guiding principles/strategies for identifying priority companies and products to benefit from the GTI? Or what motivated your country to participate in the GTI?
3. Given the current state of play in the GTI, how do you assess the contribution of the GTI to the launch of trade in the AfCFTA and the implementation of the AfCFTA Agreement in general?
4. Please briefly share your views on the role that the GTI can play in empowering women, youth and other vulnerable groups to participate in the AfCFTA?
5. Please summarize any challenges you have faced during the implementation and trade of the GTI.
6. What changes are needed to make the GTI effective and supportive of the AfCFTA implementation processes?
7. Describe the institutional mechanism you propose for the effective implementation of the GTI.
8. How do you assess the performance of the AfCFTA National Implementation Committee and the GTI National Committees in terms of stakeholder representation and engagement?
9. List the stakeholders you would recommend to be part of the National Task Forces of the GTI Committees and briefly explain their respective roles?
10. Please summarize your experiences and make recommendations to improve the GTI?
11. Do you have any recommendations to improve the participation of women, youth and vulnerable groups in the GTI process?

ANNEX 2: THE KEY STAKEHOLDERS INTERVIEWED

Organization	Category of participants / informants
AfCFTA Secretariat	i. AfCFTA Directorate of Trade in Goods and Competition (Rules of Origin, Market Access Divisions) ii. AfCFTA Directorate of Customs
State Parties involved in the GTI	iii. Ministries responsible for trade – Interview with relevant senior officials iv. Senior Trade Official, Egypt v. Trade Secretary, Ministry of Trade Kenya vi. Trade Negotiator, Rwanda vii. Senior Trade Official/Chief Negotiator, Mauritius viii. Regional Trade Advisor for ECCAS, who coordinated and facilitated Cameroon under the GTI ix. Deputy Commissioner of Customs, Ghana Revenue Authority
Private Sector (selected companies involved in the GTI)[9]	x. Kenya Manufacturers Association xi. Entrepreneur and founder of Igire Coffee Company and owner of Ghana B.B. Harington Ventures xii. Rwanda Mountain Tea Limited xiii. Mazia Co. Enterprise, Ghana.

9 Although Americana (KoKi), which exports chicken to SIA QSR Ghana Ltd, was interviewed, its products are not eligible for the trade preferences offered under Category A of the ECOWAS offer.

Konrad-Adenauer-Stiftung e.V.

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