

ISSUE #18 | DECEMBER 2018

TRADECOM II NEWS

INFORMATION BULLETIN OF TRADECOM II PROGRAMME



Paula HIPPOLYTE BAUWENS

TradeCom II Programme - Regional Trade Expert



CONSIDERATIONS ON THE CHALLENGES FACED BY ACP SMALL ISLAND ECONOMIES (SIES) IN CUSTOMS ADMINISTRATION AND TRADE FACILITATION

PAGE 6

GSA AND ARSO

CAPACITY BUILDING FOR EXPORT COMPETITIVENESS
OF WOMEN-LED PMES AND STANDARDS
PROMOTION IN COSMETOLOGY SECTOR IN AFRICA

PAGE 7

PIF AND MSG

TARGETED ASSISTANCE FOR THE DEVELOPMENT
OF AN ENABLING ENVIRONMENT FOR
E-COMMERCE IN THE PACIFIC REGION

PAGE 8

CROSQ, ARSO AND PIFS

TARGETED ASSISTANCE TO STRENGTHEN REGIONAL
TRADE-RELATED QUALITY INFRASTRUCTURE
THROUGH INTRA-ACP PARTNERSHIPS

PAGE 9

TONGA

TARGETED SUPPORT TO THE AUTHORITIES OF
TONGA IN THE ACCESSION AND PREPARATION FOR
THE IMPLEMENTATION OF THE EPA WITH THE EU

PAGE 10

TANZANIA

ENHANCING TANZANIA'S MARKET ACCESS
AND BUILDING PRIVATE SECTOR'S EXPORT
COMPETITIVENESS CAPACITY

PAGE 11

CARICOM

SUPPORT TO CARICOM NATIONAL STANDARDS
BUREAUS AS TRADE RELATED INSTITUTIONS TO
IMPLEMENT THE TECHNICAL BARRIERS TO TRADE
PROVISIONS OF THE CARIFORUM-EU EPA

CONSIDERATIONS ON THE CHALLENGES FACED BY ACP SMALL ISLAND ECONOMIES (SIES) IN CUSTOMS ADMINISTRATION AND TRADE FACILITATION



Paula HIPPOLYTE BAUWENS

TradeCom II Programme - Regional Trade Expert

INTRODUCTION

Small Island Economies (SIEs) are Small Island Developing States (SIDS), which share similar economic peculiarities and challenges. They are found in Africa, the Caribbean and in the Pacific regions. Their geographic location may make some of them more prone than others to specific occurrences, such as piracy problems peculiar to the Indian Ocean, or narcotrafficking in the Caribbean Sea/ Atlantic Ocean, but with respect to the economic and social impacts of these problems, they are considerably disproportionate compared to other developing countries.

Small Island Economies suffer from limited diversification opportunities due to few natural resources that they possess and which can be harnessed for export. They all have maritime borders through which most of their imports takes place. However, the relatively small amounts imported and high freight costs become cost drivers in those countries. They are also characterized by high import bills of raw or primary materials for production and suffer from diseconomies of scale. The SIEs' openness to and high dependence on international trade make the facilitation of trade a necessity as up to one-third of SIEs' national revenues can come from it (compared to only about one-fourth coming from other taxes such as income). Effective customs administration (CA), as one component of trade facilitation (TF), therefore, should be a priority in small island economies. However, reality points to the fact that trade facilitation and CA face distinctive challenges that, when combined, lead to dire consequences in terms of revenue loss and characteristic under-performance in trade.

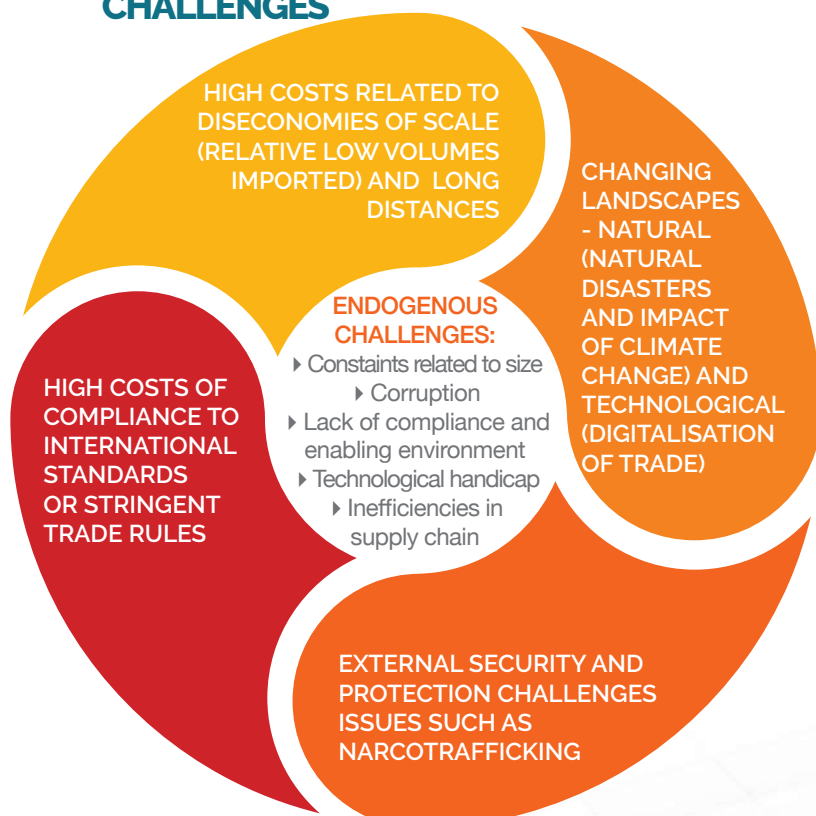
Many ACP SIEs have joined global efforts to facilitate trade and to ensure the efficiency and efficacy of doing business within and at their borders. A number of them have implemented an automated system for customs data (Asycuda¹) system, except in the Pacific where it is not yet fully widespread. There is general need for an upgrade of software to higher performing technology to be able to implement more effective software such as Asycuda World / Asycuda World ++. In the Caribbean, to ensure that all are on board, the approach taken is regional. Some have established the customs electronic data interchange (EDI) system, which, inter alia, allows for the electronic processing of customs declarations. Many ACP SIEs are also targeting the establishment of the Electronic Single Window Systems (automation of back-office single entry point for all actions related to trade). Many have embarked on conducting legislative reviews with the aim of developing an enabling environment for trade facilitation.

With respect to international agreements that have the effect of facilitating trade, most Caribbean countries have notified their

adhesion to the WTO Trade Facilitation Agreement and are taking steps towards the implementation of the work plan. Most Indian Ocean SIEs have also ratified the Agreement. Many Pacific WTO Members are yet to do so. Other such international arrangements such as the Revised Kyoto Convention (Convention on the Simplification and Harmonization of Customs Data) receive little participation from SIEs and so do not tailor their support to the specific trade facilitation and customs administration challenges of SIEs.

At a recent World Customs Organisation (WCO) session of its Permanent Technical Committee, in November 2018, some of the challenges faced by customs administrations in small island economies were brought to the fore, with the aim of identifying means of supporting the integration of these economies into global value chains. The EU-funded ACP-managed TradeComII Programme Management Facility (PMU), which provides trade-related technical assistance to ACP countries, also analysed the needs of ACP countries with respect to trade facilitation and customs administration, as follows.

ENDOGENOUS VS. EXOGENOUS CHALLENGES



¹ ASYCUDA is a computerised customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, transit and suspense procedures. It generates trade data that can be used for statistical economic analysis. The ASYCUDA software is developed in Geneva by UNCTAD. ASYCUDA takes into account the international codes and standards developed by ISO (International Organisation for Standardisation), WCO (World Customs Organization), eg. Data Model, and the United Nations. It can be configured to suit the national characteristics of individual Customs regimes, National Tariff & legislation. ASYCUDA provides Electronic Data Interchange (EDI) between traders and Customs using prevailing standards such as XML. <https://asycuda.org/about/30.10.2018>

Across the small island economies, the challenges of customs administration and trade facilitation are numerous and need to be highlighted in order to allow for adequate and targeted responses.

The endogenous challenges are probably those that each country could resolve the quickest because of the 'controllable' nature of the issues at hand. The emphasis is not placed on the ease with which the control can be exercised, but it implies that their resolution depends on internal aspects that can be mitigated or controlled up to a certain degree for better customs management and increased economic benefit.

Some endogenous challenges are mainly human-related and range from efficiency to technological uptake. Inefficiencies in timing (clearance and inspection) and reduction of costs of trade at the border (documentary compliance, border compliance, domestic transport) are often patent. The state of infrastructure often reveals non-trade-readiness for they require considerable modernization. Analysis of many ACP SIEs reveal that infrastructure at the air and sea ports are ill-adapted to their trade needs and provide limited options, not least of which is the lack of storage space. Infrastructure is often the first challenge faced by customs authorities after the passage of contrary weather systems as they are extremely vulnerable to annual weather damage such as hurricanes, cyclones, tropical storms, etc. This is closely related to transport issues especially inland, which often are in doubtful state before being further weakened by devastating weather events.

The reliability of electricity is not always ensured and in general, there is low quality of internet connections and bandwidth. Internet connection is an essential piece of the technology puzzle and certainly is the main ingredient to help bridge the digital divide between developed and developing countries.

The digitalization of trade may seem like an exogenous factor, outside of the SIEs remit to control, however the inability of the SIE to keep up with technological change reveals endogenous handicaps: the increased data flows and the rapidity of these exchanges make it imperative for SIEs to have strong performing broadband connections and electronic capacities. This requires also intellectual capital that is often lacking or limited. Further, insufficient financial means, but also low levels of throughput lead to the chronic lack of relevant technological goods to facilitate trade.

Port / transport monopolies are present in a number of SIEs' economic fabric, a vestige from colonial and immediate post-colonial times. These are sometimes averse to changes in procedures and are prone to establishing their own (high or disproportionate) transaction costs at the ports. There is the old management culture which focuses inadequately as a priority on the requirement of customs to collect the largest proportion of government's annual, budgeted revenue rather than achieving equitable collection in tandem with the facilitation of trade for economic growth.

Related to restrictive management culture averse to change, is the political focus of government priorities that does not prioritize effective CA or TF and limited human resources available in the public service. Risk management and intelligence principles and practices should be nurtured within customs administrations for better focus of resources on critical areas of need. Limited finances should help focus energies on requisite capacity building and eking out a true balance between trade facilitation and security issues.

Commercial fraud in itself is not peculiar to SIEs but can be encouraged by the over-dependence on tax revenues of some

government's annual budgetary income. Under valuation, misdescription and non-declaration of excess commercial products coming through customs is a means of gross underpayment of customs revenues in SIEs. SIEs therefore prefer pre-clearance rather than a post-clearance culture, though the latter has proven to garner more revenue for the government coffers than the former, and has achieved reasonable levels of revenue recovery and higher levels of protection.

Other endogenous challenges are linked to the inherent characteristics of SIEs, related to their limited amount of natural resources, in some cases, remoteness, and limited economic diversification opportunities. These often imply the need to export raw materials at low prices, and import manufactured products at very high prices, in fact contributing to trade imbalances. In some cases such as in Mauritius, they import the raw materials for transformation, contributing to high import bills.

Exogenous challenges specific to small island economies, specifically of concern to the Caribbean and the Pacific can be maritime, related to an increase in air transport and also climate-related.

The increase of narcotrafficking in the Caribbean and in the Pacific has caused serious socio-economic damage to the fabric of island economies as traffickers furrow well-worn maritime transshipment routes between South and Central America and North America or as they venture into the deeper seas of the South Pacific towards Australia. This has added an extra layer of vigilance requirements by customs administrations because of its security challenge. Though this is necessary it can sometimes work against the ease of doing business in SIEs and weigh down trade procedures rather than facilitate such, for customs procedures and authorities become more stringent because of the fear of contraband and drugs.

Natural events such as hurricanes, cyclones, high winds and other climate-related events place these islands in a climatic war zone that is detrimental to their economic progress. Often after the passage of wet weather events, these island economies are forced to take giant leaps backwards in terms of economic reconstruction, where once again the focus is on revenue-building and not efficiency.

With respect to international support, SIEs are wary of receiving donor support that is not tailored to their needs and specificities. They often get sidelined because there are not poor enough to be aided, but not rich enough to go it alone.

International regulations and standards can also be a serious impediment through the stringency of standards that are set, as well as the plethora of private standards that are being developed, coupled with high certification and quality requirements. These pose serious hurdles to trade for these very open economies as they often represent high barriers to trade for small exporters who make up the bulk of traders in SIEs (micro and small and medium enterprises - MSMEs).

Certification requirements and procedures also come with challenges (though many have turned to the development of electronic certifications of origin). For smaller traders, who do not frequently export large quantities, the registration and application processes are still too cumbersome because of the requirements to repeat applications annually. These are essential to facilitate trade in a harmonized manner ensuring security for importers and consumers in importing markets. However, international standards are often capital-intensively (intellectually and financially) intensive requirements and SIEs

find themselves lagging in terms of their implementation and safeguarding their own interests. Another area of challenge for SIEs requiring heavy capital investment is the setting up of laboratories and other testing facilities. In many APC SIEs, the legal framework to facilitate trade is sometimes obsolete, and in need of revamping, redrafting and updating.

IMPERATIVE FOR IMPROVING TRADE COMPETITIVENESS AND BORDER PROCEDURES TO ENHANCE SIES CONNECTEDNESS WITH THE GLOBAL ECONOMY



Global connectedness (into value chains) of SIEs is an imperative and can be facilitated through increasing trade competitiveness and customs procedures. This can be achieved through a combination of a number of options based on the SIE's state of advancement. The following requirements of SIEs are the results of analysis of a number of projects supported by TradeComII in SIEs:

- 📍 Targeted technical assistance that seeks to analyse the real challenges, hurdles and constraints faced by exporters and importers, that pinpoints the constraints to competitiveness of both the public and private sectors
- 📍 Capacity building exercises for authorities, port personnel, trade officials, private sector
- 📍 Infrastructure support is essential, but that depends on the focus of specific donors. EU investment facilities and the European Investment Bank have specific programmes that may be tapped into.
- 📍 E-Commerce is essential for SIEs as it would boost their connectivity to global markets and value chains, but faces the double challenge of regulation and cybersecurity.

Ecommerce could be a substitute for Mode 3 (Services-physical presence). It must be noted that trade facilitation requirements in the digital era will be time-sensitive and certification-sensitive. SIEs will need support to remain connected.

- 📍 SIEs are major exporters of services. But discussion on trade facilitation in services is relatively new. Informal discussions on services trade facilitation and analysis of cross-border flows of services could begin among interested SIEs (though this is not yet regulated at the WTO, and despite the absence of adequate international legal and regulatory frameworks for the management of entry and competition of service providers). It must be noted that many States are not ready to standardize services, so this may be an obstacle. And infrastructure quality may also be a major hamper to services competitiveness in many SIEs.
- 📍 The joint development with SIEs of sustainable standards that relate to their reality as well as development of corresponding, relevant and enabling legislation for sustainable trade
- 📍 Digitalization of port/customs procedures in parallel with port development and upgrading

REGIONAL INTEGRATION FOR BETTER TRADE FACILITATION - A VIABLE OPPORTUNITY?

Economic integration of SIEs at a regional level provides an opportunity to share costs and create critical mass. It also provides a "safe" environment for knowledge sharing and exchange of information so as to encourage lagging economies to catch up. This also creates an environment of accountability. A number of areas can be included in a regional agenda for customs administration and trade facilitation including:

- 📍 Infrastructural development, which is key in SIEs, which are particularly open to trade, but also very vulnerable to adverse weather systems. Joint ventures in port development and maritime transport between / among Islands (ferry system for perishable goods) have been discussed in the Eastern Caribbean and could be a starting point for developing critical mass and reducing maritime freight fees;
- 📍 Research and Development, including the development of laboratory and other forms of testing, certification and standard setting;
- 📍 Biosecurity issues can also be discussed at the regional level with a view to developing regional standards or strengthening regional outfits that focus on quality infrastructure and regulations;
- 📍 Private sector missions to neighbouring developed / emerging countries to enhance understanding of market penetration requirements;
- 📍 A Simplified Trade Regime (STR) is related to rules of origin, and it foresees simplification of procedures: eg. Simplified certificate of origin to be used in trade, along with harmonized (and for micro and small enterprises, a simplified) customs declaration. The STR addresses simplifying trade for small scale business across specific borders or specific types of goods could be covered such as ethnic or artisanal goods.

WHAT HAS ACP-EU TRADECOMII PMU DONE THUS FAR

Through the ACP-EU TradeCom II facility, the Secretariat of the ACP Group has over the last 3 years engaged consistently with the SIEs within the ACP Group of States in:

- 📍 identifying their trade development needs including those specific to customs administration
- 📍 translating the identified trade development needs into implementable support programmes and projects
- 📍 delivering the targeted support mainly through technical assistance
- 📍 supporting the beneficiary customs administrations and other trade departments to effectively manage the provided targeted support and generate sustainabilities
- 📍 develop and exploit replicabilities of the gained capacities through regional frameworks

Examples of customs administration and trade facilitation-related programmes implemented thus far by TradeComII include:

Caribbean SIEs:

- 📍 transposition of HS codes to HS 2017—enhance trade data accuracy and reporting in CARICOM and the Dominican Republic
- 📍 single administrative document development in CARICOM and the DR
- 📍 future support includes: quality infrastructure and technical specifications and the regional organisation of standards; support for the ratification of the WTO TFA and the development of certification schemes to improve product competitiveness.

African SIEs:

- 📍 product certification, customs inspections and legal drafting - Madagascar
- 📍 capacities of quality and standards for SMEs, and rules of origin - Mauritius
- 📍 future support includes standards & regulations requirements for fisheries exports

Pacific SIEs:

- 📍 analysis of the efficiency of the region's trade facilitation facilities - MSG
- 📍 trade facilitation and review of customs legislation - Republic of Marshall Islands, Niue
- 📍 support for the development of electronic single window & single window act - Kiribati
- 📍 SPS requirements for exports - FSM and Samoa
- 📍 customs procedures and transposition of HS codes to HS 2017 - Samoa & Solomon Islands
- 📍 trade facilitation in overall trade policy- Vanuatu
- 📍 future support includes: quality infrastructure for the region building on the experience of other ACP SIE regions' experience; customs procedures & HS 2017 transposition; agro-processed exports and related trade facilitation requirements.

THE WAY FORWARD

Every effort must be made to prevent SIEs from falling through the cracks.

International partnerships with major donors or partners (public or private) seeking to support SIEs in the area of customs administration and trade facilitation, working together with willing SIEs, could:

- 📍 Encourage best practice exchanges worldwide (among global SIEs) and similarly endowed /challenged countries for transfer of knowledge;
- 📍 Consider that transfer of technology is vital for the sustainability of SIEs integration into the global economy through trade;
- 📍 Consider the limited Research and Development capacities in-country and encourage regional approaches to testing. This includes taking account of the challenges related to timing and maintenance of facilities;
- 📍 Setting up a SIE-relevant standards observatory to inform SIEs of new standards including private and voluntary with the aim of assisting their understanding of these standards, their development of own standards and their implementation of global standards;
- 📍 Discuss and provide increased capacity building support on e-commerce-readiness with SIEs that are willing and ready, focusing on trade logistics, skills development, other forms of technical assistance, and increasing access to financing. Also, assist with development of national digital strategies with focus on trade facilitation;
- 📍 Focus on challenges faced by MSMEs because most trade is led by MSMEs in SIEs, and provide assistance to enhance participation in global value chains, focusing on their competitive advantage;
- 📍 Provide support (technical and financial) for data gathering and analysis.



GSA AND ARSO

CAPACITY BUILDING FOR EXPORT COMPETITIVENESS OF WOMEN-LED PMES AND STANDARDS PROMOTION IN COSMETOLOGY SECTOR IN AFRICA

This Programme is designed in collaboration with Global Shea Alliance (GSA), based in Ghana, and the African Organisation for Standardisation (ARSO) based in Kenya, on behalf of Africa as it relates to Standards.

The Global Shea Alliance (GSA) is a non-profit industry association with 450 members from 33 countries including women's groups, brands and retailers, ingredient suppliers, and NGOs. Created in 2011, it is headquartered in Accra, Ghana. Through public-private partnerships, the GSA promotes industry sustainability, quality practices and standards, and demand for shea in food and cosmetics.

To ensure women shea collectors are empowered, the GSA and its members developed a sustainability program in 2014 based on six pillars: (1) warehouses for women shea collectors; (2) capacity building and business training for women's groups receiving warehouses; (3) health and safety pilot projects; (4) research and development of planting materials; (5) parkland management trainings for shea communities; and (6) conservation pilot projects. Currently, 100 GSA members have signed up to implement sustainability projects in their operations.

The GSA quality initiative seek to develop and implement quality standards and best practices for kernels and butter. GSA members conduct regular trainings on quality kernel collection, processing, and storage.

The African Organisation for Standardisation (ARSO) is Africa's intergovernmental standards body which was formed by the Organization of African Unity (OAU) (which transformed to the African Union (AU) in 2001) and United Nations Economic Commission for Africa (UNECA) in 1977 in Accra, Ghana. The mandate of ARSO is to: (a) harmonize national and/or sub-regional standards as African Standards and issue necessary recommendations to member bodies for this purpose; (b) promote and coordinate standardisation and conformity assessment practices in Africa; (c) operate a regional certification marking scheme with a view to certifying the quality of and promoting African products; (d) encourage and facilitate adoption of international standards by member bodies; (e) cooperate with other organizations interested in related matters, particularly by undertaking studies relating to standardization projects at their request; and (f) create appropriate bodies in addition to the organs of the organization for the purposes of fulfilling its objectives.

The Support to GSA initiative will take into consideration the savanna zone in West Africa, namely Ghana, Nigeria, Togo, Benin, Burkina Faso, Côte d'Ivoire, and Mali. Being prone to droughts and far from the ports, the area is highly vulnerable to food insecurity and climate change risks. The agricultural sector represents more than 20% of the GDP and alternative employment opportunities are scarce.

The shea tree, an indigenous species to the zone, provides valuable livelihoods and ecosystem services for rural women and their communities. The trees are integrated with crops on smallholder farms in an agroforestry landscape, and

provide fresh fruits for consumption, a healthy vegetable oil for cooking and cosmetics, income through market sales, and stabilization of local environments.

The key development challenges faced by women-owned cosmetic companies are.

- 🌐 Access to market – Shea-based cosmetics companies are mostly selling nationally and do not access other markets in the region, which limit their customer base and ability to grow and realize economies of scale.
- 🌐 Lack of capacity – Improved capacity in terms of packaging, labelling, and other export requirements, as well as technical formulation can help small companies reap the benefits of internationalization.

With respect to cosmetology, under the support to ARSO, other than being a big revenue and employment creator in many African countries, is an activity that involves intimate body manipulations which should raise utmost public health concerns expressed through exacting regulatory frameworks and standards development. Unsafe or unhygienic practices in this sector has led to the spread of infectious diseases that has affected the health of clients and has jeopardized the health of operators, and trade performance of these products. This calls for development and /or harmonisation of standards and conformity assessments regimes to support the implementation of relevant regulations.

This support programme is aimed at providing support for trade enhancement and export-readiness for women-led small cosmetics producers and exporters in West Africa and promoting harmonised standards to mainstream cosmetology into the formal sector in Africa.

In particular, the programme will help:

- 🌐 Sustain export capacities of women-led shea cosmetic companies in West Africa
- 🌐 Increase market visibility and regional and international market linkages
- 🌐 Catalogue safety and health concerns as well as African Standards and trade concerns related to cosmetology and wellness
- 🌐 Develop procedures to promote standards and conformity assessments for cosmetology and wellness; and
- 🌐 Enhance awareness on the benefits of standards in the cosmetology and wellness sector as relates to trade requirements.

The implementation of this support programme will be launched in January 2019 for a period of one year

PIF AND MSG

TARGETED ASSISTANCE FOR THE DEVELOPMENT OF AN ENABLING ENVIRONMENT FOR E-COMMERCE IN THE PACIFIC REGION

This Programme is conceived in collaboration with The Pacific Islands Forum Secretariat (PIF) on behalf of its PACP member states and the Melanesian Spearhead Group (MSG) Secretariat on behalf of the four PACP member states (Fiji, Papua New Guinea, Solomon Islands and Vanuatu) with the aim to address the obstacles which undermine the development of e-Commerce.

The distance of Forum Island Countries (FICs) from the main origin and destination markets, and their small size, makes it difficult for their businesses to successfully engage in international trade. E-Commerce offers partial relief to the structural constraints experienced by FICs as it reduces the amount of face-to-face interaction which is necessary to successfully engage in international trade. For some services in particular – e.g. financial, insurance, health, and education – e-Commerce can all but eliminate the limitations imposed by physical distance. e-Commerce also plays a beneficial role for domestic trade, as it brings people scattered in Pacific archipelagos closer to each other, thus improving the outreach of essential services and the chances of economic inclusion for the rural population.

The importance of e-Commerce and the need to facilitate its development have been clearly acknowledged by Forum Islands Countries. In 2015 Forum Leaders declared ICT as one of the five political priorities for the Pacific region. The Forum's commitment to ICT unleashed significant investment in ITC infrastructure, notably through the construction of submarine communication cables providing Forum Island Countries (FICs) with high-speed internet connection.

Valuable initiatives are in place to exploit the enhanced ITC infrastructure. For example, the Pacific Trade and Invest (PTI), the commercial arm of the Pacific Islands Forum Secretariat, is supporting small tourism providers (accommodation, tours and activities) to connect to modern online sales systems. And the MSG Secretariat, with support from TradeComII, has updated its online business directory.

In June 2017 the PIFS, the United Nations Conference for Trade and Development (UNCTAD) and the World Trade Organisation (WTO) co-hosted a regional workshop on e-Commerce, which was also attended by the MSG Secretariat. In preparation for the workshop, UNCTAD undertook a rapid survey of FICs to understand the main obstacles to e-Commerce in the Pacific. Results of the survey and feed-back from participants pointed to the fact that the policy and regulatory framework for e-Commerce is either lacking or needs to be consolidated into a

coherent system. Obstacles to the successful development of e-Commerce were also noted in other areas including logistics, ICT infrastructure and services, skills, payment solutions, and access to finance for e-Commerce.

The purposes of this support programme are to assess the opportunities for and the underlying obstacles to the development of e-Commerce in the Pacific and to develop, validate and disseminate a regional and sub-regional e-Commerce Strategy with a corresponding Roadmap for implementation.

The activities foreseen for this programme are oriented at:

- 🌐 Completing the assessment of Pacific e-Commerce environment;
- 🌐 developing, validating and disseminating a regional and sub-regional e-Commerce Strategy with a corresponding roadmap for implementation;
- 🌐 designing, validating and disseminating a Regional e-Commerce Strategy and Implementation Roadmap for FICs and MSG.

The implementation of this support programme will be launched by January 2019 for a period of one year.



CROSQ, ARSO AND PIFS

TARGETED ASSISTANCE TO STRENGTHEN REGIONAL TRADE-RELATED QUALITY INFRASTRUCTURE THROUGH INTRA-ACP PARTNERSHIPS - CROSQ, ARSO AND PIFS

This TCII support programme will explore inter-regional QI and trade collaboration through North-South QI twinning arrangements between CARICOM and the European Union. This will be facilitated through relationship building between the CARICOM Regional Organisation for Standards and Quality (CROSQ) and European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). The information gleaned from this collaboration will be used to inform the development of specific regulations in the CARICOM region, and provide means to build capacity in CARICOM private sector, specifically in the area of standards development on packaging and labelling.

Furthermore, it is envisaged the generation of trans-ACP research and trade capacity building networks, and reinforced complementarities on the intra-ACP level. South - South QI Cooperation will be reinforced between CARICOM and the African Union (AU) (through relationship building between CROSQ and the African Organisation for Standardisation - ARSO) and Pacific Island Forum (PIF) (through relationship building between CROSQ and the Pacific Island Forum Secretariat - PIFS)

Cooperation between CARICOM and its regional partners is invaluable for a number of reasons.

EUROPE: CEN AND CENELEC

The Caribbean countries enjoy a traditional relationship with Europe which date back to colonial days. Regional trade as well as standardisation and other quality infrastructure systems are influenced greatly by ties with Europe. The removal of preferential trading arrangements for the Caribbean and the implementation of the CARIFORUM - EU Economic Partnership Agreement (EPA) makes it necessary for the region to strengthen its quality infrastructure framework to more effectively facilitate the region's trade with Europe as well the ability to penetrate markets where once there was preferential access. As a result, it is beneficial to the region for CROSQ to develop a relationship with CEN and CENELEC as it will enable the CARICOM region to mirror the EU standardisation and conformity assessment system which is well recognised and accepted worldwide. A Memorandum of Understanding (MOU) is being drafted with CEN and CENELEC to facilitate the structured and systematic growth of this relationship.



AFRICA: ARSO

A priority of the CARICOM region is to diversify its products and markets through non- traditional South - South cooperation arrangements. As a result, the pursuance of a close association with the African region facilitated through a relationship with ARSO is invaluable for exchange of information, experience and knowledge on QI and in the process opening new doors to trade. An MOU has been signed in 2017 between the two institutions to facilitate this process. Also, ARSO is well advanced in the formulation and use of Sustainability Standards for African goods and services, and this will be one of the main areas of collaboration since the CARICOM region comprises Small Island Developing States (SIDS) and is very much interested in resilience and sustainability approaches. Benchmarking ARSO ECOMARK Africa certification for Agriculture, fisheries and tourism will be beneficial to CARICOM.

PACIFIC ISLANDS: PIFS

The PIFS is considering to undertake a regional initiative to sensitise its PIF members on the importance of establishing a robust QI, assessing the main gaps in the regional QI framework, and preparing a submission to the relevant regional Ministerial meeting seeking agreement to prioritise quality infrastructure development in the Pacific region. The PIF, through its Geneva Office (PIF - GVA), has expressed an interest to leverage CROSQ's QI - SIDS experience and

network to organise the planned regional events, and share comparative good QI practices from outside the Pacific region, including from the ACP QI collegial institution of ARSO. CROSQ is willing to exchange and share information related to its challenges and success stories and to facilitate the advancement of a RQI – SIDS model in the PIF thereby possibly opening up even more non-traditional South - South markets for CARICOM's private sector and vice versa.

This TCII support programme is designed with the aim to contribute to the activation of intra-regional quality infrastructure agreements in support of market access and support the development of an optimized quality infrastructure in the Pacific region for enhanced trade competitiveness.

In particular the activities of the programme are oriented to:

- 🌐 Improve the capacity in Standards and technical regulations development and implementation in CARICOM
- 🌐 conduct Feasibility study for developing trade capacity enabling Sustainability Standards and associated conformity assessment modalities by CROSQ, modelling the success of ARSO
- 🌐 Enhance understanding of QI and the capacity for developing QI in the PIF .

The implementation of this support programme will be launched by January 2019 for a period of one year

TONGA

TARGETED SUPPORT TO THE AUTHORITIES OF TONGA IN THE ACCESSION AND PREPARATION FOR THE IMPLEMENTATION OF THE EPA WITH THE EU

The Pacific-ACP (PACP) region faces trade challenges of small size, both in terms of population and domestic markets, distance from key markets, limited export opportunities and poor infrastructure for trade. Regional economic and trade integration is important to ensure the region's ability to grow and prosper, and particularly underpins most countries' ability to participate in the global economy. This is supported by the reality that without improved revenue from trade, countries have few options to improve their socio-economic development and create better lives for their communities.

Tonga has achieved some real progress in economic and social areas, but is still faced by unique and shared development challenges such as no natural resources, small size and small population. Therefore, the domestic market for trade and investment is so small, in addition to remoteness, vulnerability to natural shocks, and natural disasters caused and created by Climate Change. Tonga's presence in the ACP Group continues to play a crucial role in giving it a voice at the ACP-EU Level and in the global arena of negotiations.

Tonga should continue and aggressively to pursue its roles in inclusive policy formulation and program implementation for the enhancement of the preferential trading arrangements in both Goods and Services and the development cooperation provisions of EPAs to ensure that ACP States do derive greater trade benefits, and the development gains on which the EPAs are premised.

This project aims to support the Tonga authorities to prepare for the successful accession to the EPA and its effective implementation.

In particular, the activities envisaged in the project will:

- 🌐 Strengthen the Institutional capacities for successful accession process;
- 🌐 Establish internal coordination, monitoring and reporting structure and framework;
- 🌐 Develop a framework to address the revenue implications;
- 🌐 Assess the practical opportunities and challenges for companies in Tonga to successfully export to the EU;
- 🌐 Strengthen the capacity of Government officials to ensure compliance with legal and institutional requirements of the EPA;
- 🌐 Enhance the capacity of trade officials and private sector to define and implement trade policies to take advantage of the EPA provisions; and
- 🌐 Share the benefits of EPA including opportunities for economic expansion and diversification among the key stakeholders.

Implementation of this support project is planned to start in February 2019 for a period of six months.

TANZANIA

ENHANCING TANZANIA'S MARKET ACCESS AND BUILDING PRIVATE SECTOR'S EXPORT COMPETITIVENESS CAPACITY

This project is designed in collaboration with the Tanzanian Ministry of Industry, Trade and Investment (MITI) and is aimed at enhancing Tanzania's sustained access to export markets and strengthening MITI's institutional capacity for managing the country's external trade.

Presently Tanzania's exports are concentrated in agriculture and a few non-traditional sectors, with manufactured goods and minerals accounting for slightly over half of all total exports. Commodities in the shape of agricultural products, livestock, fisheries and minerals account for almost three quarters of Tanzania's export trade. Fresh food and raw agro-based products are ranked third at 17.1%. As a bloc, the EU is Tanzania's largest single trading partner, accounting for 57% of all Tanzania's exports and 22% of imports.

Nevertheless, poor and unreliable infrastructure, weak education and training and limited access and absorption of technology in production undermine the realisation of recent gains in labour market efficiency, institutional and macroeconomic environment to improve the competitiveness of productive sectors.

Recent policy response to the above has primarily focused on enhancing quality and delivery mechanisms and, furthermore, the country has moved to harmonise legal and financial framework with other East African Community members building on the Customs Union and the EAC Common Market and the protocol on Monetary Union. On sub-regional cooperation, the EAC continues to build and maintain strong

bonds of collaboration with the COMESA and SADC under the Tripartite arrangements and IGAD sub-regions in an endeavor to establish a wider regional market to support rapid industrialization, trade expansion and fast-tracked development of infrastructure linking the member countries of the four RECs.

The EAC Common Market provisions, the concluded Tripartite FTA (trade in goods), and the recently concluded African Continental Free Trade Area (CFTA), when fully implemented by the Parties, are likely to support the country's efforts to intensify industrialization and enhance competitiveness through value addition and trade expansion. Tanzania also continues to benefit from trade preferences under the EU's EBA initiative and other trade facilities such as the US AGOA.

In the context of boosting the capacity of the MITI, the activities of this TradeCom II support project are aimed at:

- 🌐 Sharing data and information on market access requirements systemically prepared and;
- 🌐 Preparing market access guides for selected export markets prepared;
- 🌐 Building institutional capacity on external trade governance;
- 🌐 Enhancing public and private sector trade dialogue.

Implementation of this support project will start in January 2019 for a period of six months.





CARICOM

SUPPORT TO CARICOM NATIONAL STANDARDS BUREAUS AS TRADE RELATED INSTITUTIONS TO IMPLEMENT THE TECHNICAL BARRIERS TO TRADE PROVISIONS OF THE CARIFORUM-EU EPA

The EU - CARIFORUM EPA Agreement has no doubt, brought a lot of beneficial interests to the region such as new business opportunities, a cut in the costs of exporting and importing, enabling ACP countries to protect their local producers, supporting ACP farmers in meeting the EU's high standards and promoting shared values.

In order therefore, to improve the capacity of CARICOM member states to identify, prevent and eliminate unnecessary obstacles to trade between the EPA Parties as a result of quality infrastructure procedures applied by either Party, recommendations and guidelines for the application of best practices have to be formulated and implemented.

To this end, developing and implementing Good Regulatory Practices (GRP) regimes supported by sound national policies, procedures and practices enable CARICOM Member States to be EPA/WTO compliant. GRPs provide a sound approach to regulatory management in the preparation, compliance with and revision of technical regulations. It therefore assists officials in the adoption of efficient regulatory arrangements which will improve the consistency and transparency of technical regulations, thereby leading to reduction in regulatory barriers to trade and by extension, compliance with the requirements of the WTO TBT Agreements.

GRPs lead to and reflects the convergence of all views (both the private and public sector), on common approaches to policy, and as a result, good regulations which also satisfies the responsibility of governments to protect the health and safety of its citizens, the protection of the environment and protection against deceptive/fraudulent practices. Another benefit is achieving a better understanding of different regulatory needs and avoiding unnecessary regulatory differences through means such as achieving harmonized, equivalent or compatible solutions to regional trade related issues.

This project is designed in collaboration with and for the benefit of the CARICOM Regional Organisation for Standards and Quality (CROSQ) - the network of the 15 National Standards Bureaus (NSBs) of the Caribbean Community (CARICOM) with collateral beneficial interest to INDOCAL, the national Bureau of Standards of the Dominican Republic, for knowledge transfer purposes.

In the context of boosting the capacity of the CROSQ to support its National Standards Bureaus, the purpose of the support project is two-fold:

- 🌐 Efficiently and effectively apply EPA and WTO TBT principles, guidelines and recommendations in keeping with the WTO Good Regulatory Practice (GRP) guidelines;
- 🌐 Capacity building targeting at increasing market access intra and extra regionally in support of private sector competitiveness.

In particular, the activities envisaged in the project are geared towards:

- 🌐 Designing an EPA compliant Regional Good Regulatory Practice (GRP) Guide with attached Regulatory Impact Assessment (RIA) template ;
- 🌐 Promoting EPA related good regulatory practices in the region .
- 🌐 Developing Sample fit-for-purpose National Code of Practice (COP) for implementing the Regional GRP Guide; and
- 🌐 Strengthening technical skills and capabilities on developing a National COP for implementing the Regional GRP.

Implementation of this support project is planned to start in January 2019 for a period of six months.

Glossary

ACP	Africa Caribbean and Pacific	TBT	Technical Barriers to Trade
CARIFORUM	Caribbean Forum	TFTA	Tripartite Free Trade Area
COMESA	Common Market for Eastern and Southern Africa	TRA	Trade-Related Assistance
CTA	Technical Centre for Agricultural and Rural Cooperation	TRIPS	Trade-Related Aspects of Intellectual Property Rights
DG DEVCO	Directorate-General for International Cooperation and Development	TPP	Trans-Pacific Partnership
EAC	East African Community	TPF	Trade Policy Framework
ECOWAS	Economic Community of West African States	TTIP	Trans-Atlantic Trade and Investment Partnership
EDD	European Development Days	UNCTAD	United Nations Conference on Trade and Development
EPA	Economic Partnership Agreement	UNECA	United Nations Economic Commission for Africa
EU	European Union	WAEMU	West African Economic and Monetary Union
FTA	Free Trade Area	WCO	World Customs Organisation
ITC	International Trade Centre	WTO	World Trade Organisation
LDC	Least Developed Countries		
NAMA	Non-Agricultural Market Access		
NTB	Non-Tariff barriers		
NTPF	National Trade Policy Framework		
OECS	Organisation of Eastern Caribbean States		
OIF	Organisation Internationale de la Francophonie		
PACPs	Pacific ACP States		
PIFs	Pacific Islands Forum Secretariat		
PMU	Programme Management Unit		
RCEP	Regional Comprehensive Economic Partnership		
RTA	Regional Trade Agreement		
SADC	Southern African Development Community		
SDG	Sustainable development goals		
SME	Small and Medium Enterprises		
SPS	Sanitary and Phytosanitary		