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TRADE FACILITATION FOR GLOBAL COMPETITIVENESS

THE POLICY CHALLENGE

Implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) is vital for Mozambique to become more competitive and to reap the benefits of its geographic and historical position as a regional trade hub. The WTO TFA has provisions for expediting the movement, release and clearance of goods and promoting effective institutional cooperation. Becoming compliant with all provisions of the TFA demands significant resources and political will to strengthen cooperation across government. Regulatory reform, investing in modernized and transparent information and communication systems, and streamlining inefficient bureaucratic processes have enabled Mozambique to fulfill many TFA compliance requirements and, even more important, to lower the time and costs of international trade and reduce opportunities for corruption.



Continual tangible achievements on the trade facilitation agenda through the National Trade Facilitation Committee has demonstrated the importance of inter-ministerial coordination. Under the leadership of the Minister of Industry and Trade and the President of Tax Authority, consistent participation from National Directors in the NTFC has led to the integration of trade facilitation into individual Ministry work plans, enabling on-the-ground implementation to succeed.

✓ REGULATION FOR GLOBAL TRADE

- Ratification of the TFA was a milestone for Mozambique. SPEED+ assistance enabled the nation to be among the initial ratifying group for the global entry into force in 2017, and to attain full compliance with all TFA Category B provisions within just 2 years.
- SPEED+ supported the formal establishment and operationalization of the National Trade Facilitation Committee (NTFC). The NTFC has gained increasing influence as the recognized focal point for trade-related issues, as shown in the inter-ministerial agreement to house the SPS and TBT Committees and the National Transport and Trade Corridor Committee within the NTFC.
- SPEED+ assisted numerous ministries, Customs and the NTFC to draft legal instruments, standard procedures, and accessible roadmaps and guides to bring both the formal regulation and the real-world practices into compliance with the TFA. Topics ranged from dealing with rejected goods to documenting customs fees and charges to mapping the global standard Harmonized Tariff System against Mozambique's national system.

✓ TRANSPARENCY FOR GLOBAL TRADE

- National Trade Portal launched in March 2020, providing transparency of cross-border transaction requirements and fulfilling multiple TFA provisions. SPEED+ support including facilitating the transfer of trade portal source code developed under a USAID/Burma project, which reduced costs by an estimated \$100,000.
- SPEED+ facilitated complex inter-ministerial discussions leading to consensus that NTFC would lead the integration of import/export processes of at least five ministries into the Single Electronic Window. SPEED+ worked directly with the Ministry of Agriculture and Rural Development on integration of sanitary/phytosanitary clearances.
- Capacity building for National Entry Points and National Notification Authorities for sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) compliance.
- The [Analysis of Mozambique's Fees and Charges for Customs Processing and Reference Guide for Traders](#) provide a roadmap to TFA compliance and fulfill the requirement for full transparency.

✓ STREAMLINED PROCESSES FOR GLOBAL TRADE

- SPEED+ supported Customs to promote the Authorized Economic Operators (AEO) program, resulting in a 75% increase in AEO certified firms that benefit from streamlined procedures. Data from just the 5 largest estimate savings of \$7.5 million over 5 years.
- SPEED+ completed the [Roadmap to Expedited Shipments](#) to resolve inefficiencies and gaps in the legal and regulatory framework that hinder delivery of international express shipments to Mozambique. SPEED+ also organized the first-ever roundtable between Customs and the express courier companies including FedEx, DHL, UPS, and Correios de Moçambique (CORRE), leading to the creation of an operational task force to implement the roadmap.
- The elimination of pre-shipment inspection, which would reduce processing time from 15 days to 2 days for many goods, was advanced by the SPEED+ [Roadmap for Elimination of Pre-shipment Inspections](#). Customs is taking pro-active steps to fully implement the roadmap.

KEY INSIGHTS

- Full implementation of the TFA could reduce trade costs for developing countries by 23% and increase annual exports to US\$730 billion dollars.
- Government may face conflicts of interest with private sector port operators over reforms to lower the costs of trade, which may also lower profits.

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Supporting the Policy Environment for Economic Development in Mozambique