

6 Aid for Trade as a catalyst for trade facilitation: A Moroccan perspective

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Abstract

This chapter aims to highlight the potential role of Aid for Trade (AfT) in trade facilitation, reducing the cost of trade and improving the trade performance of Morocco. The chapter finds that AfT is a fundamental lever for facilitating commercial exchanges and a main vehicle for promoting regional integration and effective integration of developing countries into global value chains. AfT helps developing countries to increase exports of goods and services, integrate into the multilateral trading system and take advantage of the progressive liberalization and expansion of market access. If it is rationally oriented, AfT will enhance the competitiveness of exports and enable Moroccan companies to go upmarket; in addition, AfT would consolidate the reforms of trade policy in Morocco to streamline international transactions and increase the attractiveness of the Moroccan economy to investors.

* The contents of this chapter are the sole responsibility of the authors and are not meant to represent the position or opinions of the WTO or its members.

6.1 Introduction

Trade facilitation has been always considered a key factor for regional and international integration and development. It depends on a set of conditions, such as infrastructure quality, transit efficiency, transport systems and the single-window “one-stop-shop” system¹ that could enable a competitive business environment, which, in turn, will trigger the acceleration of trade development.

Trade facilitation is no longer limited simply to the reduction of trade costs, in the context of the globalization of production with a growing complexity of distribution systems supported by supply chains, but also represents a decisive vehicle for improving the attractiveness of foreign direct investment and a decisive tool of development. As noted by UNCTAD (2014) in this regard, “the implementation of trade facilitation measures ‘needs’ to invest in human and institutional capacities.”

Trade facilitation is, moreover, among the priority objectives of the Aid for Trade (AfT) initiative in favour of developing countries, particularly the least-developed countries (LDCs). This initiative aims to contribute to trade-related infrastructure projects through funding and capacity-building in order to increase business opportunities and help countries better integrate into the multilateral trading system and regional trade.

Launched at the WTO Ministerial Conference in Hong Kong, China, in December 2005, the AfT initiative is mainly targeting trade facilitation, either by funding trade-related infrastructure development (roads, highways, railways, ports, logistic platforms, etc.) or by providing assistance to strengthen commercial capacities and the business environment.

According to a World Bank study² in this area, the cost of trade transactions in countries not implementing a determined trade facilitation policy can increase total business operations costs by up to 20 per cent. Such extensive cost implications seriously impact on a country’s competitiveness, which reduces its integration into its regional and international trade environment.

This explains the prioritization of trade facilitation in the framework of the multilateral trade negotiations under the Doha Round, which led to the adoption of the WTO Agreement on Trade Facilitation (TFA) at the Bali Ministerial Conference in December 2013.

On that occasion, WTO member states reaffirmed their commitments to the AfT initiative and highlighted its strategic role in strengthening the domestic trade capacity of the developing countries and LDCs. Furthermore, the ratification and actual implementation of the TFA will depend on the medium- and long-term integration of trade facilitation into the national development strategies of the ratifying members.

AfT can play an important role in supporting developing countries' efforts in trade facilitation, by targeting projects and programmes financing the infrastructure required for effective trade, transport and capacity-building.

It should be noted that the performance of countries in this field differs according to their degree of development. In fact, each country's performance is measured by its ability to eliminate non-tariff barriers restricting trade and transport (i.e. developing an efficient transit system) through the adoption of national policies and regulations that meet specific needs for trade facilitation. The ultimate goal is to create a suitable and conducive environment for trade and transport at the international and regional levels. Hence, the need to include these projects in regionally coordinated AfT initiatives is essential for the improvement of trade-related infrastructure and to facilitate the establishment of effective business procedures under national policies and regulations.

Analysis of Morocco's national policies and efforts on trade facilitation, as a case study, should help to demonstrate what could be achieved in this area. Certainly, in recent years, countries that have managed to integrate into the global economy have implemented a number of measures to promote trade, particularly at the regional and international levels, by improving the quality of port and airport infrastructure and simplifying and shortening trade procedures.

Before examining the Moroccan experience in the field, it is worth recalling the theoretical framework of the correlation between trade facilitation and trade cost reduction on the one hand and the potential role of the AfT facilitation process on the other.

6.2 Correlation between trade facilitation and trade cost reduction

Trade facilitation and its contribution to the reduction of trade-related costs have been demonstrated in several international studies (OECD, 2015; World Bank, 2012).

“Trade facilitation has become an important subject in the Doha Round negotiations. The saving from streamlining procedures could be 2%–15% of the value of the goods traded, according to estimates by the OECD. The World Bank says that for every dollar of assistance provided to support trade facilitation reform in developing countries, there is a return of up to US\$ 70 in economic benefits”.³

These studies have established that trade facilitation, with regard either to trade- and transport-related infrastructure or import- and export-related procedures, remains a crucial factor that has an impact on the total cost of traded goods.

The “Bali Package” adopted by WTO members in December 2013 represents a remarkable evolution in the process of negotiations and marks the willingness of members to overcome the stalling of the Doha Round. The proposed measures are mainly oriented towards trade facilitation and support for developing economies.

The TFA contains provisions for faster and more efficient customs procedures. The first section of the Agreement clarifies and improves Articles V, VIII and X of the GATT, 1994, and is focused on several issues, focused on the following issues:

- Publication and availability of information;
- Opportunity to comment, information before entry into force and consultation;
- Advance rulings;
- Appeal or review procedures;
- Other measures to enhance impartiality, non-discrimination and transparency;
- Disciplines on fees and charges imposed or in connection with importation and exportation;
- Release and clearance of goods;
- Border agency cooperation;
- Movements of goods under customs control intended for import;
- Formalities connected with importation and exportation and transit;
- Freedom of transit;
- Customs cooperation;
- Institutional arrangements.

The second section includes special and differential treatment (SDT) for developing countries and LDCs to assist them in implementing the Agreement. Consideration of the situation of these countries will focus on national needs assessments to determine assistance needs and costs, and the scheduling of

commitments at individual member level. Developing countries and LDCs will be able to link their commitments to the receipt of technical assistance and support for capacity-building, monitored by the WTO.

Implementation of the provisions of the TFA could generate US\$ 1 trillion of GDP gains to the world economy, according to estimations of Hufbauer and Schott (2013).

Based on a computable general equilibrium (CGE) model, Zaki (2014) has highlighted the potential gains arising from the implementation of the TFA in terms of economic growth and export promotion. Table 6.1 shows these estimates for some regions.

The Organisation for Economic Co-operation and Development (OECD)'s 2015 Trade Facilitation Indicators show that implementation of the TFA could reduce trade costs worldwide by between 12.5 per cent and 17.5 per cent. They also demonstrate that the potential impact on trade costs depends on the level of implementation intended by each country (OECD, 2015). The calculation is based on two scenarios: full and limited implementation (see Table 6.2).

Table 6.1 Estimates of the gains by 2020 brought about by improved trade facilitation

Country/region	GDP gains		Export gains	
	%	US\$ billion*	%	US\$ billion
European Union	2.04	348	10.60	629
Middle East	5.66	30	13.66	22
North Africa	4.44	15	11.21	14
Other Africa	7.28	47	22.28	46
Other Europe and Turkey	3.75	36	15.04	49
United States	0.55	90	3.90	61
China	1.45	124	8.83	187

Source: Zaki (2014).

Note: *All US\$ amounts expressed in 2005 prices.

Table 6.2 Impact of implementation of the TFA on costs

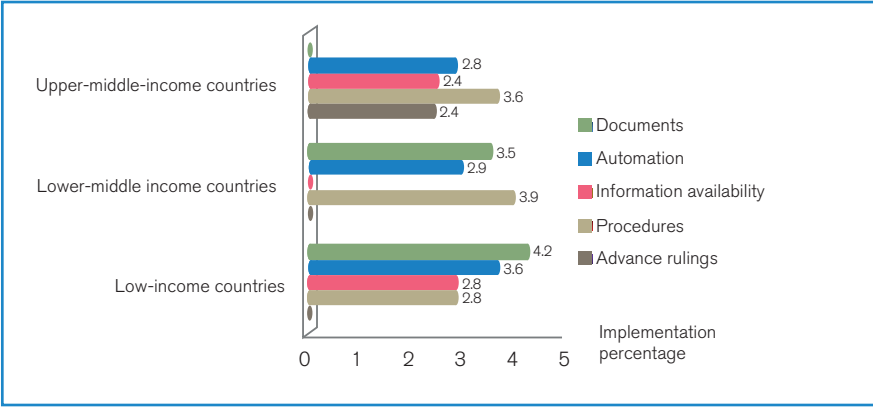
Scenario	Implementation level	Potential cost reduction
Full implementation	Countries implement all the options contained in the Agreement, including those formulated on a "best endeavours" basis	Low-income countries: 16.5 per cent; Lower-middle-income countries: 17.4 per cent; Upper-middle-income countries: 14.6 per cent; OECD countries: 11.8 per cent.
	Countries implement only the mandatory provisions contained in the Agreement, but take into account that some of the "best endeavours" measures were already in place	Low-income countries: 12.6 per cent; Lower-middle-income countries: 13.7 per cent; Upper-middle-income countries: 12.8 per cent; OECD countries: 10.4 per cent

Source: OECD (2015).

Both scenarios offer potential reductions in trade costs. The effectiveness of trade facilitation depends strongly on the combination of measures implemented and the deadline for their implementation.

Furthermore, the potential impact of trade facilitation depends on the nature of the measures in place. Countries in each income category would do well to direct their actions to focus on measures that provide a significant effect on the cost of trade (Figure 6.1).

Figure 6.1 Potential trade cost reduction on TFA implementation by measure



Source: OECD (2015).

Improving the quality and timeliness of formalities (through the simplification of trade documents and the streamlining and automation of border procedures) would have a significant impact on the costs of trade transactions and could generate savings of between 2.8 per cent and 4.2 per cent, depending on a country's income profile (OECD, 2015). Table 6.3 illustrates the potential impact of each measure.

Trade-related infrastructure is considered as a factor in increasing the competitiveness of traded goods and expanding access to the markets of other countries and regions. This is because well-developed and efficient infrastructure results in lower costs, higher trading volume per product and safer delivery of goods, which improve a country's competitiveness (World Bank, 2012).

Table 6.3 Potential impact of trade facilitation measures by country income profile

Country income profile	Measure	Potential impact on trade cost (%)
Low-income countries	Harmonizing and simplifying trade documents	4.2
	Automating trade and customs processes	3.6
	Availability of trade-related information	2.8
	Streamlining border procedures	2.8
Lower-middle-income countries	Streamlining border procedures	3.9
	Harmonizing and simplifying trade documents	3.5
	Automating trade and customs processes	2.9
Upper-middle-income countries	Streamlining border procedures	3.6
	Automating trade and customs processes	2.8
	Availability of trade-related information	2.4
	Providing advance rulings on customs matters	2.4

Source: OECD (2015).

Hoekman and Zarrouk (2009) show that the cost of transport in Africa is higher than elsewhere relative to the value of transported goods and the predictability and reliability of transport according to international standards. More recently, it has been estimated that the costs of transportation and logistics, as well as trade procedures (including those applied to the borders for regional trade), add up to 20 per cent to the cost of the traded product.

Moreover, this analysis supports an earlier empirical study by Limão and Venables (2001) showing that the lack of infrastructure remains a major cause of the weak business outcomes achieved by African countries. By relying on multi-country regressions, the authors conclude that, in Africa, trade is highly dependent on the cost of transport. They determine that a 10 per cent drop in transport costs leads to a 25 per cent increase in trade.

This also converges with the work of Amjadi and Yeats (1999), who state that the cost of transportation is a high trade barrier that is more restrictive than the customs procedures and duties applied to imports. It is also higher than other trade-quantitative restrictions.

Other empirical studies have concluded that transport cost is still very high and trade-related infrastructure is least effective in Africa, relative to other regions, such as Latin America and Asia (AICD, 2008). The price of road transport in Francophone Africa, for example, could be six times higher than that in Pakistan and nearly 40 per cent higher than that in France (AICD, 2008).

Limão and Venables (2001) consider that the main factors behind the rising costs of transportation in Africa are low productivity in the road transport sector, particularly with regard to infrastructure problems, the low level of competition between transport service providers and the lack of infrastructure.

The United Nations Economic Commission for Africa (UNECA) has identified areas in which the exorbitant transaction rates that hinder the development of intra-regional trade can be reduced. These include the development of additional services and related infrastructure (roads, railways, ports, intermodal transport, cross-border trade, logistics platforms, etc.) and national and regional logistics, in particular to ensure infrastructural links between landlocked countries and neighbouring countries that have a coast line (UNECA, 2015).

Further work on road transport has shown that it is the most appropriate means of communication and best trade integrator in Africa (UNECA, 2010). Therefore, it should constitute one of the priorities of the African Union's New Partnership for Africa's Development (NEPAD).

In the past, it was assumed that, by investing significantly to improve road infrastructure, the price of transport would be reduced. Thus, since the 1970s, the World Bank has actively supported efforts to improve transport corridors in Africa, reserving a large part of its financial support to improving infrastructure initiatives.

In recent years, there has been international agreement on the importance of trade facilitation as a means of generating growth and employment opportunities and it has been placed at the centre of trade policy debate. The AfT initiative plays a critical role here as it can contribute to national efforts to address the constraints that limit the ability of particular African countries to benefit from trade expansion, through actions on improving trade-related infrastructure and trade facilitation in terms of capacity-building.

6.3 The role of Aid for Trade facilitation in the process of trade

Trade facilitation has always been a major concern in the formulation of national development policy objectives. Developments in trade facilitation, transport and transit systems confirm their centrality to removing impediments that largely restrict bilateral and regional trade flows between countries, including those in Africa and the Middle East and North Africa (MENA) region. For the most part, these impediments arise from the proliferation of non-tariff barriers, despite the conclusion of many bilateral, sectoral and regional preferential trade agreements.

The lack of comprehensive trade facilitation regulations and the presence of inefficient infrastructures are not the most important constraints; there are also those related to cross-border trade, which mainly arise due to the low levels of integration between countries in these regions.

The ineffectiveness of the regional trade chain generates additional costs that affect traded goods, in particular exorbitant transportation costs and costs due to delays at the land checkpoints and the volume of documents demanded by border authorities. Many of these documents vary across the transit countries and their respective regulations. For import and export formalities, the absence of a regional framework for cooperation on the harmonization, standardization and simplification of cross-border procedures provokes a serious lack of predictability regarding the documents to be provided. Note that the countries that have their procedures loaded on official websites dedicated to international trade procedures are rare. This is a major source of unpredictability and complexity for the delivery of both import and export goods.

In terms of trade-related infrastructure, the unavailability of certain control services at border crossings, especially for sanitary and phytosanitary control, and the absence of common platforms of communication and information exchange among the border agencies, complicates and delays the progress of cross-border trade formalities.

When it comes to trade governed by the provisions of favourable trade agreements, the lack of coordination among services is a source of underperformance and proliferation of non-tariff barriers, which limit preferential market access to countries within a region.

While it is clear that African countries might never be able to cope with these difficulties alone, the urgent need to activate regional initiatives financed by donors in the AfT context becomes inevitable. Only these kinds of initiatives can bring tangible solutions to these problems. For this reason, it is necessary to converge the objectives of regional AfT projects, especially those that have an impact on trade facilitation, if the deficiencies of infrastructure, including those related to trade and trade-related services, are to be overcome. Otherwise, it will be necessary that international trade procedure take into account regional specificities as to ensure more integration.

Thus, AfT will act as a catalyst for the development and dynamism of trade in goods between the countries of Africa and the MENA region, and this should favour regional integration projects structured through trade.

This is an important move as many African economies have directed the bulk of their investment funds to promoting trade with developed economies, with which they have concluded various free trade agreements. The low level of regional integration in Africa is in part explained by the preference given to North-South partnerships and for other non-African countries (primarily emerging economies).

Today, African countries are facing a lack of the financial, technical and human resources required to tackle regional integration projects, while, in the view of development specialists, only international and regional AfT initiatives could finance such major projects. Therefore, donors are called upon to support projects aimed at stimulating bilateral or regional trade in Africa, the impact of which on the development of trade will be certain.

This chapter stresses the provision of AfT as a solution to guide aid in order to address existing barriers that disproportionately affect regional cross-border trade. This question deserves particular attention from donors as actors in AfT, in consultation, of course, with national trade policy-makers, especially regarding

actions and funding. Faced with various obstacles, including logistical, procedural and economic, lines of inquiry have been opened to boost cross-border trade between African countries and those of the MENA region.

Optimization of trade-related logistics infrastructure

Trade facilitation cannot develop if not accompanied by structural projects to develop transport infrastructure and logistics (roads and highways, railways, maritime and air links with other countries). In this context, AfT donor initiatives could constitute a means of financing to support these large-scale projects. Experience has shown that, without substantial and sufficient project funding in a regional cooperation framework, it will be difficult to remedy existing deficiencies, and any proposed regional dimension of trade facilitation is likely to have adverse effects on trade development and the integration of economies.

For example, trade-related infrastructure and passage through the borders of African countries should be supported in a rigorous manner within the framework of joint projects. Hence the need for technical assistance to countries to help them implement the simultaneous adoption of transit systems in accordance with relevant international standards, namely, mandatory implementation of the Customs Convention on the International Transport of Goods under Cover of TIR (International Road Transport Convention) Carnets.

Funding under the AfT initiative could strengthen operational cooperation between countries, notably through the upgrading of services associated with border crossings, by not only strengthening controls but also sharing information that could be useful to other administrations or agencies involved in the trade chain.

Improving regulatory and administrative aspects of trade and transport

Through its capacity-building mechanism, AfT could provide technical and financial assistance to improve regulatory and administrative issues, with the goal of reducing non-tariff barriers and building awareness among public authorities about compliance with the principles of facilitation, harmonization and regional cooperation. This should begin with a definition of good practice in terms of laws and regulations governing trade, and by building repositories of standards and international conventions.

Another aspect of AfT capacity-building to be considered concerns assistance to be granted to neighbouring countries to design common border posts as an optimal form of cross-border/operational cooperation on border controls. This

generally allows common and optimal exploitation of the border post by two countries, whereas separately controlled posts may provide space in which smuggling and insecurity can thrive.

Financial and technical assistance should lead to joint border management, based on close bilateral cooperation, harmonization of required documents, sharing of infrastructure maintenance costs, joint or mutually recognized controls and data exchange. Regulation must accompany such development, along with planning for the deployment of border services officials on the territory of the neighbouring country. It will often be necessary to make major investments in infrastructure, for example new buildings, access roads, information and communications technology, common weighbridges, etc., and to enter into agreements for the sharing of information and installation of equipment and infrastructure.

Any AfT initiative may extend to cooperation in customs personnel training and joint programme management. It should be active in strengthening the capacity of customs administrations and non-tariff measures (freight, transportation, sanitary and phytosanitary control, etc.) of trading countries.

Improving regulatory and administrative aspects must necessarily mean greater transparency. Morocco's BADR online customs clearance system, for example, can simulate the customs duties payable and provide information in advance of all commercial documents that are required by law for export or import. This service can be offered to non-neighbouring countries that are linked to Morocco through indirect trade flows. The improvement of Morocco's customs procedures has also necessitated greater use of new information technologies, but it remains dependent on the progress made by other operators of foreign trade (Moroccan importers and exporters and other national stakeholders).

National capacity-building for trade

Strengthening the national transport and trade capacities of African countries is linked in particular to the accession of these countries to the major international conventions governing the transportation, transit and facilitation of international trade.

African countries need technical and financial assistance to facilitate their adherence to such conventions. This assistance will help them align their customs formalities, procedures, operations and documentation within international conventions, standards and practices, and facilitate reform to develop cross-border trade and international and regional transit. In addition, an AfT initiative can

contribute to strengthening public agencies responsible for trade facilitation capabilities.

The involvement of Morocco and Tunisia in almost all of these major international agreements is highly advantageous, and they can support partner countries. Their efforts can be strengthened with the support of the international organizations and private institutions responsible for the implementation and monitoring of these agreements. The goal is for African countries to have in common the legal instruments that are considered an essential basis for trade facilitation, particularly for goods transported by road.

It is therefore highly desirable for African countries to accede to the most important United Nations conventions for the facilitation of international trade such as the International Convention on the Harmonization of Frontier Controls of Goods (1982); the TIR Convention (1975); the International Convention on the Simplification and Harmonization of Customs Procedures (revised Kyoto Convention, 1999) and the European Agreement concerning the International Carriage of Dangerous Goods by Road (revised ADR, 2015).

Countries in Africa that have not yet signed these international conventions can benefit from technical assistance under the AfT initiative and also take advantage of training their officials in the application of these conventions at the national level.

Another aspect that deserves special attention concerns the publication of national trade regulations via a national portal, with a view to effective dissemination of trade information for the benefit of operators (including importers and exporters), in accordance with the rules of transparency. This also concerns traders who use official websites to access information on the rules, procedures and timetable for reforms and regulatory or tax information about a particular product they wish to import.

6.4 Moroccan experience: current situation and prospect

The Moroccan experience in trade facilitation relates to the measures and actions that Morocco has taken in the context of its policy to support its international trade.

Thus, Morocco is engaged in the facilitation of trade at the bilateral, regional and multilateral levels. Morocco also participates in the work of regional and international bodies whose mission is to strengthen and facilitate trade between countries.

At the multilateral level, Morocco participated in the negotiations for the TFA. The country has also pledged to ensure that national and foreign operators have better access to market information, in accordance with the principle of transparency in market access.

Among Morocco's key achievements is the dematerialization of a set of documents and international trade procedures. In that sense, the single window was set up in order to simplify procedures and streamline international trade transactions. It provides more visibility and more certainty for importers and exporters and helps to strengthen their competitiveness and attractiveness of Morocco.

Efforts are now being made to extend the single window - currently limited to the port of Casablanca, which manages 80 per cent of Morocco's trade - to other areas, with a view to expanding the customs information system and streamlining customs control procedures.

The Global Enabling Trade Report 2014 (WEF, 2014) lists Morocco as one of 35 economies that have obtained the maximum score in terms of transparency of customs and one of 54 economies that have no specific tariffs. Morocco's situation is summarized in Table 6.4. These scores show that the country is moderately positioned and that it is performing rather effectively in Pillars 3 and 7 (Efficiency and transparency of border administration; Operating environment).

In terms of customs procedures, the Customs Code of Morocco grants free transit to ensure the fluidity of cross-border movements of goods, and all clearance operations are managed by the BADR online customs clearance system.

In the late 1980s, Morocco's National Commission for Simplification of International Trade Procedures (CNSPCI) initiated a major project that has resulted in significant improvements in the procedural system for international trade. In particular, the inherent costs of international trade procedures and delays in freight parking at ports and other customs clearance areas have been reduced. The project has included computerization of the operations of major stakeholders, standardization of export documents, relaxation and simplification of customs control, improvement of port logistics and the progressive liberalization of international road transport of goods, among other measures.

The conclusion of the TFA in 2013 reactivated the interest of Morocco in this issue. The main measures on national trade facilitation and transport policy undertaken by Morocco since 1990 are:

Table 6.4 Enabling Trade Index 2014: Morocco

Enabling Trade Index	Rank (out of 138)	Score (1–7)
	43	4.4
Sub-index A: Market access (25%)	53	3.8
Pillar 1: Domestic market access	100	4.2
Pillar 2: Foreign market access	32	3.5
Sub-index B: Border administration (25%)	45	4.9
Pillar 3: Efficiency and transparency of border administration	45	4.9
Sub-index C: Infrastructure (25%)	50	4.2
Pillar 4: Availability and quality of transport infrastructure	36	4.3
Pillar 5: Availability and quality of transport services	53	4.3
Pillar 6: Availability and use of ICT	65	4.1
Sub-index D: Operating environment (25%)	45	4.5
Pillar 7: Operating environment	45	4.5

Source: WEF (2014).

- Simplification, harmonization and computerization of import and export securities;
- Adoption of the single goods declaration;
- Standardization of business documents for export and import;
- Simplification and computerization of customs clearance procedures;
- Implementation of an automated online customs-based network (BADR), one of the most successful electronic customs platforms.

These trade facilitation measures have enabled Morocco to improve its Logistics Performance Index (LPI) in terms of the number of documents required for export or import, the time taken to fulfil international trade procedures and the cost of cargo container processing (Table 6.5).

Table 6.5 LPI indicators of cross-border trade, selected countries and country groups, 2007, 2012

Indicators	Morocco		OECD members		Middle East and North Africa	
	2007	2012	2007	2012	2007	2012
Logistics performance index: Overall (1=low to 5=high)	2.38	3.03	3.59	3.60	2.69	2.80
Time to export (days)	13	11	11.74	11.06	23.11	18.90
Time to import (days)	18	15	11.38	10.09	26.84	22.90
Cost to export (US\$ per container)	477	577	926.74	1,062.38	927.58	1,079.19
Cost to import (US\$ per container)	800	950	999.59	1,109.79	1,061	1,235.24
Documents to export (number)	6	5	4.03	3.94	6.21	5.95
Documents to import (number)	7	6	4.68	4.44	7.79	7.62

Source: World Bank, World Development Indicators databank.⁴

The Government of Morocco continues to reflect on trade facilitation, focusing on its primary objective to dematerialize international trade procedures by replacing paper with electronic media, and extension of the principle of one-stop non-customs control procedures.

Table 6.6 below shows the necessary time, in days, to accomplish each type of formality to both the import and export in Morocco:

Table 6.6 Nature of proceedings and time taken for export and import

Nature of proceedings	Export (days)	Import (days)
Preparation of documents	5	9
Customs clearance and technical control	1	2
Port handling (at the terminal)	2	2
Ground handling and transportation	2	1
Total	10	14

Source: World Bank (2013), Doing Business 2014.

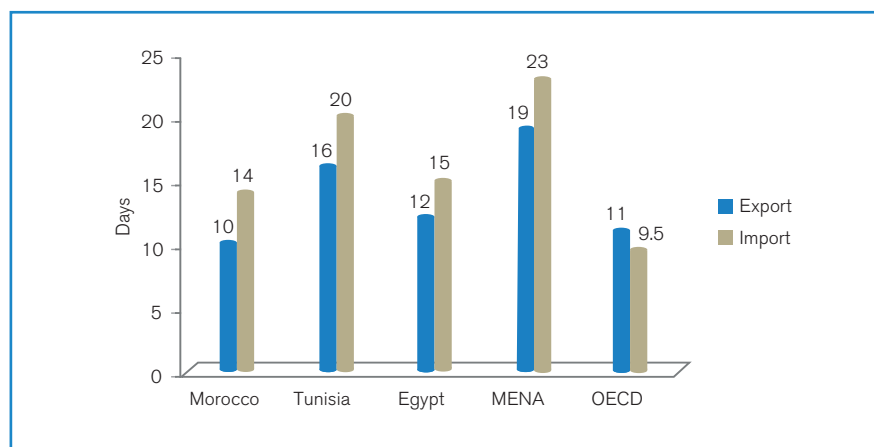
This focus was selected as a priority axis of the emergency plan (2014–2016) recently adopted by the Government of Morocco, which seeks to end the slowness and complexity of trade-related procedures (customs, administrative, technical, legal, etc.) that constitute brakes on the development of export activities and impact on business competitiveness.

The main measure is to accelerate the development and dematerialization of documents for foreign trade and implement the single window for foreign trade formalities. The objective of simplifying trade procedures is to eliminate redundancies and optimize transactions' processing time.

Through the National Foreign Trade Council (CNCE), Morocco has already begun to implement a national plan for simplifying foreign trade procedures and generalizing electronic data interchange (EDI). The National Ports Agency has supported the full implementation of the ports-related part of the plan (PortNet) and revised document workflow aspects of port operations of international trade.

The measures taken by Morocco on the simplification of foreign trade procedures have led to significant improvement in the average time taken for the storage of imported goods in containers at ports and in other clearance areas (Figure 6.2). In 2014, this period was 14 days, down from 25 days prior to 1990. Cargo clearance time has been significantly reduced, from 5 days prior to 1997 to an average of less than two hours in 2014.

Figure 6.2 Time required for export and import, selected countries and country groups, 2014

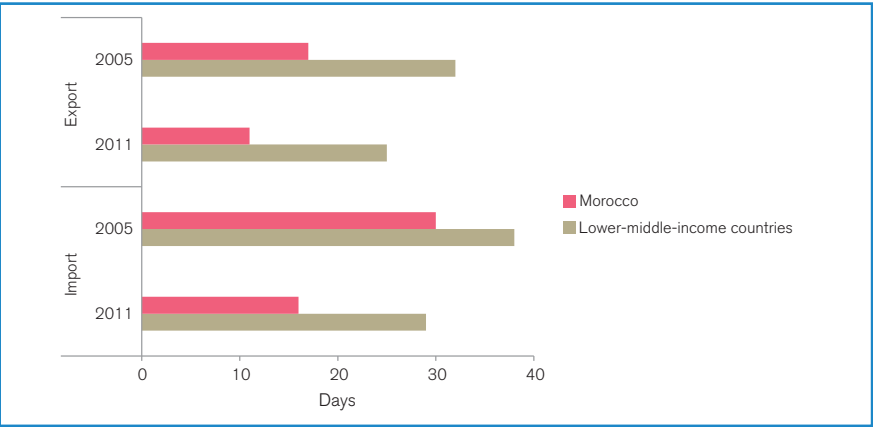


Source: World Bank, World Development Indicators databank.⁵

Furthermore, Morocco made positive progress between 2005 and 2011 to be well positioned in comparison with other lower-middle-income countries regarding the time required for export and import operations (Figure 6.3).

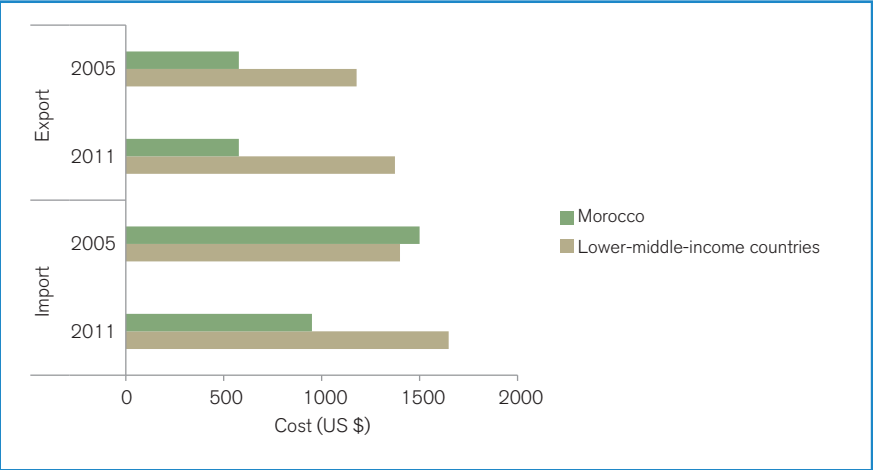
Morocco is also relatively competitive with other lower-middle-income countries regarding the control of import- and export-related costs (Figure 6.4).

Figure 6.3 Time required to export and import, 2005 and 2011



Source: World Bank (2010; 2012).

Figure 6.4 Cost to export and import, 2005 and 2011



Source: World Bank (2010; 2012).

In terms of trade-related infrastructure, Morocco has embarked on a national policy of strengthening the basic infrastructure and reforms in terms of organization and liberalization of transport modes (maritime, road and air).

The experience of Tangier Med port has placed Morocco in a better position in terms of Mediterranean-based trade, as evidenced by the volume of trade it generates, which continues to trend upward year by year. In 2013, for example, total volume of trade grew by 39 per cent over 2012, to 34.9 million tons. Container traffic increased by 40 per cent in 20-foot-equivalent units (TEUs) and 61 per cent in tonnage compared with 2012.

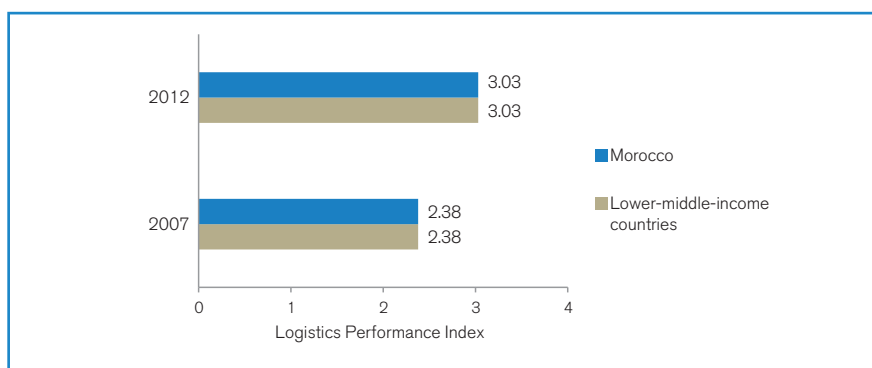
The success of Tangier Med has inspired the construction of another port infrastructure, Nador West Med, which will become Morocco's largest port and one of the largest Mediterranean ports. Its commissioning is scheduled for 2019.

Development of Morocco's road network is proceeding at a steady pace. According to the Ministry of Equipment and Transport, Morocco currently has a road network of 59,000 km of which 1,416 km highways, 41,500 km of paved roads and a little less than 16,000 km unpaved roads. This road network plays a vital role as it facilitates access to social services, promotes economic exchanges (not least from inaccessible areas) and increases the value of natural resources. In addition, road projects are structuring projects with high added-value to link economic centres of the regions (METL, 2015).

None of these projects could be successful without connection to a faster road network, to facilitate interregional transport. Certainly, global experience has shown that socio-economic development requires infrastructure connecting the areas being developed with each other and with the rest of the territory. Hence the national motorway network development strategy, which helped Morocco achieve a network of 1,800 km of motorways by the end of 2015.

On a global level, while acknowledging achievements made so far, efforts must continue to address the limitations that persist in two areas: (i) trade-related infrastructure, in some isolated regions; and (ii) consolidation and generalization of simplification of the flow of documentation for foreign trade operations other than through maritime ports.

It seems significant that Morocco's efforts remain insufficient in this regard, and there is a need for more investment. Regarding overall performance as measured by the LPI in 2012 Morocco was at the same level as other lower-middle-income countries (Figure 6.5).

Figure 6.5 Logistics Performance Index (1=low to 5=high)

Source: World Bank, World Development Indicators.⁸

Thus, Morocco needs to augment its efforts with external financing, and AfT can play an important role in this. The World Bank and African Development Bank, for example, are currently mobilizing US\$ 245 million to finance a reform programme to improve public policy in three key areas of the Moroccan Government's economic strategy: the investment climate, trade policy and trade facilitation, and economic governance.

It would benefit Morocco if such support for trade facilitation were to focus on strengthening the:

- Dematerialization of international trade documents;
- Effectiveness of the non-customs control procedure;
- Quality of infrastructure related to trade and transport in some areas outside the Tangiers–Agadir corridor;
- Ability of SMEs to easily organize export at competitive costs,
- Competence and quality of logistics centres at borders;
- Ability to track and trace the progress of import and export operations electronically;
- Rate at which exports reach the consignee within the scheduled or expected delivery period.

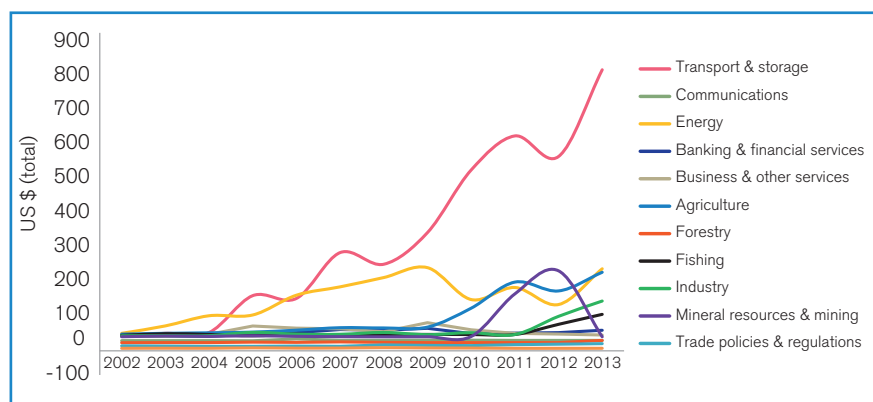
The contribution of AfT in connection with Morocco's efforts in trade facilitation should address the shortcomings related to trade- and transport-related infrastructure (i.e. the lack of the “soft” and “hard” components indispensable for trade facilitation).

It should be noted that Morocco is among the top 10 recipients of AfT (WTO, 2015). The largest share of aid received by Morocco goes towards transport-related improvements - 51 per cent in the period 2002–2013 (Figure 6.6, Table 6.7).

Several empirical studies have identified the main cause of weakness in inter- and intra-country trade as being the inadequate or poor state of infrastructure related to trade and transport (UNECA, 2015). “Soft” support components of the AfT initiative are intended to overcome the inadequacy and lack of harmonization of procedures and simplify border crossings so as to comply with international standards. The international conventions in the field of trade facilitation and transport, mentioned above, have demonstrated their efficiency once they are applied correctly. The lack of harmonization of customs procedures and border formalities between most African countries makes customs control more complex and uncertain.

“Hard” or physical infrastructure components eligible to benefit from the AfT initiative include support services, logistics centres and border crossing points, which are lacking at the main African borders because the countries cannot provide the heavy investments in both physical and human resources required to establish and operate them.

Figure 6.6 Disbursement of Aid for Trade received by Morocco by sector, 2002–13



Source: OECD statistics database (<http://www.oecd.org/dac/aft/aid-for-tradestatisticalqueries.htm>)

Table 6.7 Disbursement of Aid for Trade received by Morocco by sector, 2002-13

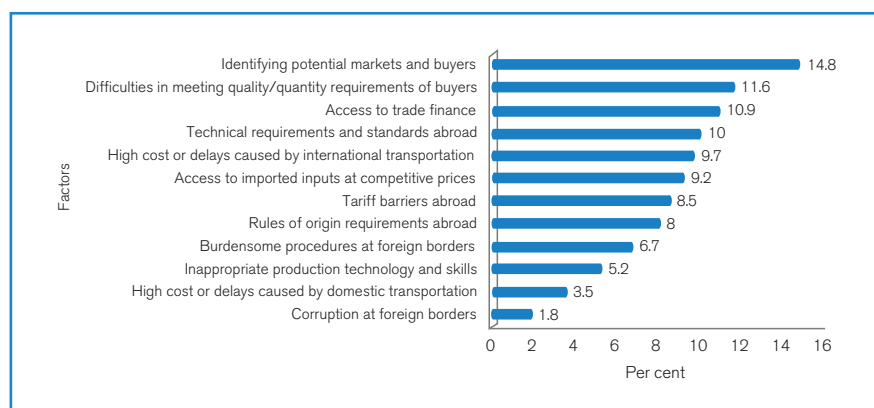
Sector	2002 (US\$)	2003 (US\$)	2004 (US\$)	2005 (US\$)	2006 (US\$)	2007 (US\$)	2008 (US\$)	2009 (US\$)	2010 (US\$)	2011 (US\$)	2012 (US\$)	2013 (US\$)
Transport and storage	2.39	10.28	12.67	120.31	112.25	246.18	212.15	304.71	487.59	587.24	527.01	780.60
Communications	0.32	0.74	0.63	0.12	5.48	1.02	1.28	1.49	2.04	1.28	0.88	1.01
Energy	10.24	31.89	61.62	63.86	121.67	146.04	173.29	202.15	108.91	144.25	94.38	198.95
Banking and financial services	1.80	3.45	1.00	9.10	12.33	21.36	19.41	24.87	9.25	10.65	11.90	19.05
Business and other services	1.31	1.95	7.70	31.60	25.13	23.52	15.14	41.34	20.39	10.32	8.02	5.19
Agriculture	7.88	10.27	11.71	13.82	19.46	26.70	25.95	28.43	83.69	159.97	134.15	188.71
Forestry	0.09	0.34	0.44	1.49	1.27	2.28	1.41	0.73	0.27	0.37	0.29	6.78
Fishing	4.37	9.10	6.92	3.01	7.62	2.33	6.75	7.05	6.71	6.73	36.48	65.73
Industry	3.10	3.20	3.47	12.88	7.90	7.52	12.76	6.38	12.16	6.74	59.89	104.63
Mineral resources and mining	0.29	2.19	1.33	3.06	1.39	0.41	0.00	0.27	0.88	125.38	192.90	0.00
Trade policies and regulations	2.62	1.91	1.02	1.14	2.06	1.25	5.05	4.19	3.51	5.86	7.50	8.93
Tourism	0.16	0.46	0.27	1.51	0.70	0.95	2.05	1.26	0.89	0.15	0.11	0.19
Total	34.57	75.77	108.79	261.92	317.26	479.57	475.23	622.86	736.28	1,058.96	1,073.52	1,379.76

Source: OECD statistics database (<http://www.oecd.org/dac/aft/aid-for-trade/statisticalqueries.htm>)

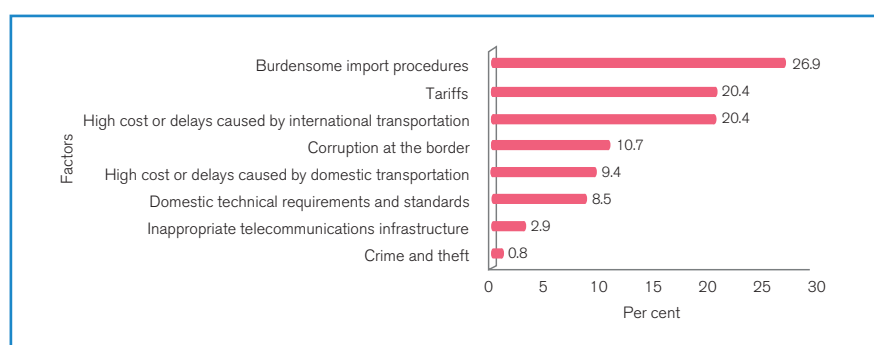
The absence of integrated projects that could be financed by the AfT initiative in the context of “regional infrastructure funds” partly explains the unexploited potential of international cooperation in this field.

AfT could contribute to the mobilization of regional infrastructure funds in the context of a dialogue between donors and recipients of official development assistance (ODA). Involving the private sector in project preparation would promote trade facilitation to support the creation of value and development of trade between countries.

The major lesson that emerges from this analysis of the determinants of trade facilitation in Morocco is that efforts should be concentrated on releasing the brakes that prevent better transmission of the benefits of reducing trade transaction processes, and on leveraging AfT. These brakes, or problematic factors, are evident on both exporting (Figure 6.7) and importing (Figure 6.8).

Figure 6.7 Most problematic factors for exporting, Morocco, 2013

Source: WEF (2014).

Figure 6.8 Most problematic factors for importing, Morocco, 2013

Source: WEF (2014).

6.5 Conclusions

The purpose of this chapter has been to respond to the concern of how AfT can accelerate the process of trade facilitation in promoting regional integration and scale up the development of “intra-North-African trade”. The aim was to highlight the role of AfT in increasing trade by bringing about a substantial reduction in the barriers to trade, in terms of both logistics and transport and the commercial procedures governing relations between the countries of the region.

Having good quality trade-related infrastructure and transportation, whether in Morocco or elsewhere, is crucial to ensuring the development and flow of trade between countries and regions. The economic impact of such infrastructure, as an important lever for growth, job creation and the development of trade, has been confirmed by several recent studies (OECD, 2015; UNCTAD, 2014; World Bank, 2012). Furthermore, export- and import-related procedures are of great significance to economic operators as they contribute to the speed of business transactions and therefore to reducing the costs and increasing the volume of traded products.

Trade facilitation measures can bring very significant benefits to the Moroccan economy but they require considerable effort in terms of increasing human, logistical, procedural and technological capacities. The AFT initiative is crucial in this context.

Effective trade facilitation supported by AFT targeted to identified needs, can help lower trade costs and reduce the gap between domestic and international prices. Furthermore, trade facilitation measures offer very interesting economic growth opportunities and lead to the expansion of trade –and they seem to be more effective than simple tariff elimination in achieving this.

Several empirical studies (World Bank, 2012; UNCTAD, 2014; WTO, 2015) have shown that weakness in international trade, especially between the countries of Africa, is primarily due to the lack of basic trade-related infrastructure and the complexity of procedures for transit and transportation, and for import and export.

Endnotes

1. The one-stop shop would optimize resources and shorten the time of completion of formalities related to foreign trade transactions. The multiplicity of stakeholders and partners increases the procedures and uncertainty. It is for this reason that Morocco has implemented the PortNet, that is, a unique platform connecting many entities: the National Ports Authority (ANP), Shipping Agents, the customs administration and other control bodies, private operators, banks, insurance brokers, freight forwarders, etc.
2. OECD, WTO (2015), Chapter 2: "How are trade costs evolving and why?", contributed by the World Bank.
3. World Trade Organization, Information Centre, Trade facilitation website https://www.wto.org/english/news_e/brief_tradefa_e.htm

4. <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>
5. <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>
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