

Non-Tariff Measures and cross-border e-commerce in Africa: What challenges do women traders experience and what can be done?

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ABSTRACT

International cross-border e-commerce transactions are increasing rapidly, contributing to the surge of global digital trade. An important question to consider is: what percentage contribution can come from women-led e-commerce businesses in developing countries in general and Africa in particular, given the widespread impact of non-tariff barriers (NTBs)?

Whilst Small to Medium Enterprises (SMEs) in Africa are both synonymous with and dominated by women, it is hoped that by introducing appropriate enabling policy frameworks for SMEs, e-commerce has greater potential to contribute towards enhanced inclusiveness of women within economies in various ways. Their businesses should enjoy reduced costs of market entry and development, easier accessibility to new market niches across borders, and lower operational costs as a result of reduced costs of establishing physical points of sale. Transacting business in real time online is expected to reduce gender-based discrimination, and the usual cross-border mobility constraints. But in reality, goods purchased online still have to be delivered to customers in other jurisdictions. International e-commerce requires navigation of borders and border procedures. Trade facilitation – and the elimination of NTBs – still matters.

This Trade Brief discusses challenges of non-tariff measures (NTMs) that could become NTBs impacting women businesses involved in cross-border e-commerce in developing countries in general and with close reference to Africa in particular. The discussion reviews and considers some of the key findings from the technical and statistical report recently published by UN Trade and Development (UNCTAD).

Keywords: Non-tariff measures, NTBs, E-commerce, Women traders

About the Author

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Non-Tariff Measures and cross-border e-commerce in Africa: What challenges do women traders experience and what can be done?

By Rwatida Mafurutu

Electronic commerce (e-commerce) refers to the production, distribution, marketing, sale or delivery of goods and services by electronic means. The transaction can be between enterprises, households, individuals, governments and other public or private organisations¹. The goods and services so involved must have been digitally ordered over computer networks by explicit means designed to achieve the objective of receiving or placing the orders between or among the trading countries.

International cross-border e-commerce transactions are increasing rapidly, contributing to the surge of global digital trade. In 2019, a total worldwide e-commerce sales comprising both domestic and international transactions were valued around US\$26.7 trillion². An important question is what percentage contribution can come from women-led e-commerce businesses in developing countries in general and Africa in particular, given the widespread impact of non-tariff barriers (NTBs).

The above question does not have an encouraging answer – at least for now. Whilst Small to Medium Enterprises (SMEs) in Africa are both synonymous with and dominated by women³, it is hoped that by introducing appropriate enabling policy frameworks for SMEs, e-commerce has greater potential to contribute towards enhanced inclusiveness of women within economies in various ways. Their businesses should enjoy reduced costs of market entry and development, easier accessibility to new

¹ Electronic Commerce https://www.wto.org/english/thewto_e/minist_e/mc11_e/briefing_notes_e/bfecom_e.htm

² Global e-commerce jumps to \$26.7 trillion, COVID-19 boosts online sales
<https://unctad.org/news/global-e-commerce-jumps-267-trillion-covid-19-boosts-online-sales>

³ Unlocking the Potential of Women's Businesses in Africa
<https://documents1.worldbank.org/curated/en/501971553025918098/pdf/Main-Report.pdf>

market niches across borders and lower operational costs as a result of reduced costs of establishing physical points of sale. Transacting business in real time online is expected to reduce gender-based discrimination, and the usual cross-border mobility constraints⁴. But in reality goods purchased online, still have to be delivered to customers in other jurisdictions. International e-commerce requires navigation of borders and border procedures. Trade facilitation – and the elimination of NTBs – still matters.

This Trade Brief discusses challenges of non-tariff measures (NTMs) that could become NTBs impacting women businesses involved in cross-border e-commerce in developing countries in general and with close reference to Africa in particular. The discussion reviews and considers some of the key findings from the technical and statistical report recently published by UN Trade and Development (UNCTAD)⁵.

What are the challenges associated with NTMs on women-led e-commerce businesses in Africa?

In this section we briefly review tariffs and NTMs as trade policy measures with respect to their interoperability, intent and scope. This will be done with a view to give context on which to predicate the challenges impacted by NTMs on women-in e-commerce businesses and cross-border digital trade in Africa in particular and developing countries in general. This will be followed by review and summary of the findings of the UNACTAD technical and statistical report on challenges associated with NTMs experienced by on women-led/owned e-commerce businesses. Effectively our interest is in when and how NTMs, which may have legitimate public policy objectives, can become NTBs.

Unlike a tariff which is an international trade policy instrument that legally and compulsorily imposes a tax on exported or imported goods by a country's government or a supranational union, NTMs are used to achieve legitimate public policy goals, such as certifying the safety of goods for human, animal, plant health and the environment. The distinction between these two trade policy measures can be better explained in terms of linking them to the core responsibilities of modern Customs or revenue authority administrations. The central functions of revenue authorities or Customs administrations in the 21st Century include revenue collection, trade facilitation and protection of the societies. As summarised in

⁴ Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries
https://unctad.org/system/files/official-document/ditctab20121_en.pdf

⁵ The impact of non-tariff measures on women's e-commerce businesses in developing countries
<https://unctad.org/publication/impact-non-tariff-measures-womens-e-commerce-businesses-developing-countries>

Table 1 below, revenue collection and trade facilitation is a function of the tariff while protection of the societies is a function of NTMs.

Table 1: Customs administrative roles and the appropriate trade policy instruments

<i>Central Customs Administrative Function</i>	<i>Trade Policy Instrument Used</i>
Revenue collection and trade facilitation	→ Customs tariff
Protection of societies	→ NTMs

While tariffs directly determine the collectible revenues, NTMs directly set compliance standards for safe and healthy societies. Thus by definition, NTMs are trade policy measures other than ordinary customs tariffs that can have an economic bearing on goods traded across borders by either changing their prices or their quantities or both⁶. They are compulsory rules, regulations and obligatory standards which must be fully complied with when importing, transiting or exporting certain categories of goods. They are put in place with the aim of preserving legitimate policy objectives such as environmental protection, consumer safety, good health and protection of the society. Table 2, below shows some of the different forms and types of NTMs and their purposes.

Table 2: Some of the forms and types of NTMs as trade policy instruments

Sanitary and Phytosanitary (SPS) Measures	Include all relevant regulations, requirements, and procedures used to ensure the safety of agricultural products for people, plants, and animals. This includes processes and production methods; testing, inspection, certification, and approval procedures; quarantine requirements for transporting animals or plants; procedures and methods of risk assessment; and packaging and labelling requirements related to food safety.
Technical Barriers to Trade (TBT)	Covers technical measures impacting trade in all goods including terminology, symbols, packaging, marking and labelling.
Pre-shipment Inspections (PSI)	Aims to ensure that the products being shipped comply with the agreed specifications, quality standards, and regulatory requirements by thoroughly examining goods before they leave the manufacturer’s premises. The purpose is to contribute to mitigating the risk of receiving defective or non-compliant products.
Contingent Trade-Protective Measures	Processes implemented to counteract particular adverse effects of imports in the market of the importing country, including measures aimed at ‘unfair’ foreign trade practices, contingent upon the fulfilment of certain procedural and substantive requirements. These include anti-dumping and countervailing duties, quotas and other control measures affecting the quantity of goods imported, price control measures, and export related measures

Source: compiled by author (2024)

⁶ Classification of NTMs <https://unctad.org/topic/trade-analysis/non-tariff-measures/NTMs-classification>

When properly and fairly implemented from a purposefully designed gender-sensitive trade policy perspective, e-commerce will generate novel business opportunities for women involved in international cross-border trade in developing countries. Their businesses will be enabled to meaningfully contribute to national and regional economic growth and development through augmented trade. Ability to easily reach global markets in real time (at the press of a button from anywhere to anywhere) will place their businesses in pole positions for growth, through convenient accessibility to new or beyond the borders customers and business partners alike.

Despite the extensive list of potential benefits that e-commerce holds especially for women-led firms, some recent studies have shown that women-led businesses involved in cross-border digital economy in developing countries are facing new forms of challenges with e-commerce. In Africa as well as in other developing countries, complying with non-tariff measures (NTMs) under Customs clearance by businesses owned by women is estimated to take one and half times longer compared to their male counter-parts. More specifically, the female-to-male ratio for the time taken by firms to clear customs in the country of origin is 156 per cent for exports and 126 per cent for imports⁷. NTMs, have then become NTBs, frustrating trade.

This trend is compounded by the inevitable gendered supply-side constraints with disproportionate incidence on women-led businesses in developing countries in general. These gender-biased trade constraints include difficulties in obtaining information about Customs compliance requirements, higher ratios of unpaid work among women, gender-biased scarcity of resources and gender-related technical capacity limitations. On the whole, women-led businesses in developing countries are unduly impacted negatively by NTMs leading to them bearing disproportionate costs of compliance and trade costs.

High trade costs emanating from NTMs across several areas are felt much more by women led businesses than men-led firms as a result of gendered supply-side restraints or limitations. Table 3 below lists some of these NTM induced trade costs.

⁷ Breaking barriers: How non-tariff measures impact women in e-commerce <https://unctad.org/news/breaking-barriers-how-non-tariff-measures-impact-women-e-commerce-0>

Table 3: Some of the NTMs induced costs on women in e-commerce businesses

Type of trade cost		Processes leading to high incidences of trade cost
1	Information cost	Accessing information and finding out the requirements for compliance
2	Compliance cost	Meeting product requirements
3	Compliance demonstration cost	Certification processes
4	Indirect time costs	Delays at the ports of entry

Source: Compiled by author (2024)

In view of the safety, health, and environmental objectives of NTMs as cross-border trade policy instruments, their construct may be gender neutral yet in practice they are not gender-blind. Given the inherent gendered social structures in Africa, women ordinarily encounter numerous supply-side constraints much more than their male counter-parts⁸. These supply-side constraints (see Table 3 which lists the examples) place women in precarious positions for them to comply with the NTMs related standards and technical regulations.

Table 3: Examples of women supply-side constraints in developing countries

Supply-side constraints faced by women-led businesses
Lack of skills and education
Limited accessibility to information and resources e.g. bank loans
Movement and security constraints
Poverty

By comparison, women-led e-commerce businesses are disadvantaged. Disparities in levels and extent of their participation in the digital economy emanates from pre-existing disproportions along several dimensions which include levels of education and incomes, gender, and other social variables such as rural-urban divide. Lack of necessary access to information implies that they may not fully comprehend NTMs compliance standards or requirements for their respective products. In addition, constraints include lack of technical know-how, productive and monetary resources for complying with product certification requirements.

⁸ Neutral policies, uneven impacts: NTMs through a gender lens.

<https://unctad.org/publication/neutral-policies-uneven-impacts-non-tariff-measures-through-gender-lens>

In a survey carried out in 2016 by the International Trade Centre⁹, women-owned exporting firms reported a higher share of procedural obstacles than men-owned firms, especially in information and transparency issues. For example, women can be discriminated against while applying for an export licence, resulting in the payment of a bribe or a delay in processing an export application¹⁰. In Africa, just like in other developing regions, women-led businesses are concentrated in the SMEs category. They characteristically face higher barriers to their exports when compared to large companies as costs of NTMs in their hands transforms into higher fixed costs.

Institutional factors related to Customs processes are often regarded as central to the border delays in Africa. These border delays affect different categories and sizes of firms differently. Findings from a 2016 WTO study revealed that this explained the frequently observed gender gaps in Customs clearance dwell times. The study also concluded that the adverse effects of burdensome customs procedures can be greater on Micro, small to medium enterprises (where women –led businesses are concentrated) than large firms, constraining or even preventing their involvement in international trade¹¹.

Closely linked to the small size of their firms, the study found that women-led e-commerce companies lack skilled staff and management skills. They are also not able to hire specialised staff, invest in specialised training as well as purchase services from external sources. This results in limited capacity to deal or comply with NTMs in the export markets. In addition to all this, girls and women’s poorer access to education and training – particularly in developing countries – largely prevented them from following complex NTMs. For example, the literacy rate among women over 25 years in least developed countries (LDCs) was just 59.2 percent in 2020, compared with 72.4 percent among men according to World Bank’s World Development Indicators database¹².

In a 2019 survey report on Ugandan ICT firms, women-led e-commerce entities singled out male-dominated business culture and absence of institutional support for women in general as one of the main reasons they faced mammoth export obstacles. The survey concluded that existence of gender

⁹ How does gender affect the participation of SMEs in international trade?

<https://www.intracen.org/news-and-events/news/how-does-gender-affect-the-participation-of-smes-in-international-trade>

¹⁰ Meeting the Standard for Trade

https://intracen.org/sites/default/files/uploadedFiles/intracenorg/Content/Publications/ExeSumm_SMECO_2016_FIN_web.pdf

¹¹ The impact of non-tariff measures on women’s e-commerce businesses in developing countries

<https://unctad.org/publication/impact-non-tariff-measures-womens-e-commerce-businesses-developing-countries>

¹² *ibid*

gaps in accessing support services aimed at alleviating the burden of NTMs, for example information sources, aggravated e-commerce firms owned by women's already unfavourable positions in the e-commerce sector¹³.

What can be done?

Trade policy challenges are better addressed by *appropriate* trade policy measures. This requires unparalleled commitment to effective implementation both at policy formulation and administrative implementation levels. What can be done to address the NTMs that severely impact women-led e-commerce businesses in developing countries, is using some of the above reviewed challenges to inform commensurate policy options taking into consideration the differences in circumstances and prevailing short term and long-term economic objectives of each country. Policies that encourage provision of necessary education and capacitation of requisite skills among women-led firms involved in e-commerce businesses is critical. This policy direction should be premised on an approach that effectively redresses the supply-side constraints and the effect of systemic challenges that currently impact African women-led e-commerce businesses. Use of domestic policy reforms that support women-led e-commerce businesses through inclusive development, cooperation and empowerment is the way to go. Digital trade facilitation for women-led e-commerce businesses through coordinated optimisation of NTMs compliance and reduction of trade costs is key. African countries need to urgently adopt policies and administrative measures that close the existing digital gender divide and other gender gaps so as to unlock the full potential of women-led e-commerce business, given the trade growth potential and development associated with sound implementation NTMs for better enhanced returns from the digital economy.

¹³ Firm Characteristics and Obstacles to ICT Services Trade

https://ugandaexports.go.ug/downloads/Uganda%20-%20Firms%20characteristics%20and%20obstacles%20to%20ICT%20services%20trade_nmonx7nz.pdf