

# **Impact of Trade Facilitation Mechanisms on Export Competitiveness in Africa**

**Malcolm D. Spence and Stephen N. Karingi**

## **Abstract**

Export competitiveness, while seemingly intuitive, remains conceptually and empirically elusive. This paper presents three distinct ways of thinking about export competitiveness and attempts to capture their character empirically for African economies. The first, the ‘competitiveness as market share’ hypothesis, employs a Constant Market Share Analysis to examine the dynamics of the competitiveness of Africa’s exports. The second explores the foundations of export competitiveness through the Global Competitiveness Index and its relationship with Total Factor Productivity. Thirdly, the character of African exports is scrutinized through the application of Hausmann, Hwang and Rodrik’s measure of an ‘income level of exports’. The analysis then turns to the impact of trade facilitation on export competitiveness. It shows that trade facilitation, captured by the four indicators created by Portugal-Perez and Wilson, significantly bolsters a key source of competitiveness, total factor productivity, through a transaction effect but the production effect in which trade facilitation reallocates resources to more productive sectors, proxied by the impact on the income level of exports, is less sensitive. While the quality and quantity of physical infrastructure is robust across specifications, the results suggest that trade facilitation measures are best adopted as part of a holistic trade policy aimed at creating an environment conducive to the diversification of African exports to ensure long run export competitiveness.