

Reducing Trade Costs Through the Africa Trade Observatory (ATO)

Executive Summary

The African Trade Observatory (ATO), a key instrument of the AfCFTA, provides reliable and up-to-date data to reduce information gaps and the costs of trade in Africa. This article analyzes its operation, use, and impact, with a focus on opportunities for Cameroonian businesses. By centralizing data on tariffs, trade flows, and markets, the ATO promotes transparency and better decision-making. However, challenges remain, such as limited internet access, irregular data updates, and low levels of digital literacy.

Introduction

African trade integration continues to face numerous challenges, including a lack of reliable information on markets, tariffs, and trade opportunities. This lack of reliable information is a major factor driving up trade costs in Africa. The Africa Trade Observatory (ATO), established within the framework of the African Continental Free Trade Area (AfCFTA), aims to fill this gap by offering a centralized platform of up-to-date and accessible data on intra-African trade.

In 2021, more than 3,700 users from countries including South Africa, Nigeria, Kenya, Ghana, and Ethiopia have already accessed the beta version of the ATO dashboard. This tool provides states, businesses, and researchers with a strategic instrument to better understand trade dynamics, identify import/export opportunities, and anticipate tariff and non-tariff barriers.

This article analyzes the functioning of the ATO, its modalities of use, as well as its expected impact on the reduction of commercial costs, with a particular focus on the opportunities and challenges for Cameroonian economic operators.

Section 1. What is the Africa Trade Observatory (ATO)?

The ATO is one of the five operational instruments of the AfCFTA. It is a digital portal that provides reliable

Research Article

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and up-to-date trade data on trade between African countries. Its main objective is to enable businesses and policymakers to make evidence-based decisions: identifying markets with potential, comparing access conditions, and monitoring the implementation of the AfCFTA.

Its targets primarily include:

- African companies (SMEs, exporters);
- Governments and public institutions;
- Researchers, think tanks and academies that study trade dynamics on the continent;

Section 2. How does the ATO work?

1. Market information search

One of the factors limiting large-scale trade integration across Africa is the lack of readily accessible business information for local firms [1]. The ATO seeks to address this by providing traders with country-specific information to facilitate trade between countries. Traders can obtain timely information on customs duties and tariffs through a search function

that specifies the country and the product. The ATO achieves this by collecting and processing trade data (tariffs, standards, and procedures) from member countries. This ensures the accuracy of the information received by traders.

2. Analysis of trade flows

Maintaining a trade data repository is a major step towards more informed analysis to support trade. By collecting data such as import and export flows by product and country, the ATO is able to provide actionable insights based on data analysis. The observatory also has a strong network of specialized trade experts in data analysis to guide this work. Such information from advanced data analysis is very useful for making informed decisions at the national, regional and continental levels, thereby fostering further growth.

3. Comparison tools

The ATO also allows entrepreneurs to pursue the most promising opportunities by enabling them to compare different markets for their products. This allows companies to choose markets with the right demand for their products and offering growth potential.

4. Update and reliability

The ATO ensures the reliability of its data through regular updates from official sources such as customs, the WTO and the ITC, guaranteeing accurate and credible information.

Section 3. How to Use the ATO?

i. Usage steps

The ATO is a platform accessible online via ato.africa. To use it, the operator must first log in to the official website. Then, they select the relevant categories, such as trade flows, customs tariffs, or non-tariff barriers. The platform also allows users to filter data by country, sector, or product, making it easier to obtain targeted information.

ii. Case study

A Cameroonian cocoa exporter can, for example, search for African markets where demand is highest and tariffs are lowest. With just a few clicks, they can

view the main African cocoa importers, the volumes traded, and the applicable tariffs. They can also identify countries offering a more favorable environment in terms of logistics or regulatory costs.

iii. Expected result

The use of the ATO therefore reduces information gaps and helps trade actors make better decisions. Businesses can better target their markets, anticipate tariff and non-tariff barriers, and optimize their trade costs. For Cameroonians, this tool is an opportunity to increase their exports and participate more effectively in African trade.

Section 4. Expected Impacts on Reducing Commercial Costs

i. Save time and money searching for information

One of the obstacles preventing SMEs from fully engaging in trade is the lack of available information and the high cost of obtaining that information [2]. By creating and maintaining such a data repository, the ATO provides up-to-date and low-cost information that saves businesses time and redirects investments in expansion.

ii. Improved strategic decision-making

Data-driven analytics prevents businesses from making mistakes that can lead to significant costs and delays in remediation while governments can use the data to better inform their decisions and AfCFTA implementation

iii. Reduction of customs errors and delays

Customs errors and trade disruptions due to inaccurate or insufficient documentation leads to delays, increased corruption, and other non-tariff barriers. The ATO will ensure that all traders are protected and reduce the time and cost of trade along land borders.

Section 5. Opportunities and Limitations for Cameroonian Economic Operators

The ATO offers real opportunities for Cameroonian businesses. Firstly, with internet penetration estimated at ~44% of the population by early 2024, operators in urban areas have a growing user base to access business information (tariffs, non-tariff barriers,

markets) [3]. In addition, ATO reduces the cost of trade by making information accessible to every business and SME who wants it. However, several limitations remain. Internet access remains limited in rural areas, restricting the use of ATO for many small producers. [4]. Furthermore, data reliability depends on the frequency of national updates; outdated data can lead to planning errors. Finally, a lack of digital skills and the ability to interpret data are obstacles for some operators.

Section 6. Recommendations

- Expand ATO Trainings to ensure SMEs and informal traders know how to leverage it to trade across Africa. This approach will promote and stimulate trade.
- Ensure national agencies provide regular data to the regional level to ensure the tool serves businesses. Customs administrations and sectoral ministries must regularly update the ATO database to ensure the reliability and relevance of the information.

References

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- Cameroon should integrate the ATO into its export strategy and SME support programs in order to encourage systematic use of this tool in business planning and decision-making.
- Adopt a simplified trade regime to ensure that informal sector traders can easily trade under the African Continental Free Trade Area (AfCFTA).

Conclusion

The African Trade Organization (ATO) is a strategic tool for boosting intra-African trade and reducing trade costs. By centralizing trade data, it promotes greater transparency, evidence-based decision-making, and reduces the cost of trade for businesses. For Cameroon, the ATO offers a real opportunity to further integrate its economic operators into regional value chains. However, the success of this instrument will depend on the reliability and integration of national data, strengthening the capacity of entrepreneurs to use it and the pace of AfCFTA implementation.

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