



The state of intra-REC trade liberalisation and trade

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There are many intra-Africa regional¹ and bilateral trade agreements² as well as ongoing liberalisation³ efforts. Morocco also grants unilateral preferential market access to 33 African least developed countries for specified goods. According to Article 19(2) of the AfCFTA agreement ‘other RECs, regional trade arrangements and customs unions which have attained among themselves higher levels of regional integration than under this Agreement shall maintain such higher levels among themselves’. Whether existing trade arrangements will remain under the AfCFTA will depend, *inter alia* on the level of regional integration achieved among the parties of these arrangements. However, determining the level of integration is complicated by a couple of factors:

- the meaning of ‘higher levels of regional integration’ in Article 19(2) – does ‘regional integration’ include more than tariff liberalisation for goods trade – trade in services liberalisation, trade facilitation measures, competition policy? If the focus is on tariff liberalisation, does it mean existing arrangements which have more than the AfCFTA ambition of 90 percent of tariff lines duty-free?
- overlapping membership – AMU, for instance, does not have a trade arrangement, but all the AMU countries except Mauritania have achieved full liberalisation under PAFTA and a Morocco-Mauritania free trade agreement (FTA) is also in place. The only intra-AMU trade not under preferences, is Libya-Mauritania and Tunisia-Mauritania trade. The same holds true for intra-IGAD as most members are also members of the EAC and/or the COMESA FTA and there are some tariff preferences in place for Ethiopia and Eritrea under the COMESA FTA. The only trade not subject to any preferences is trade with Somalia (for which there is no trade and tariff data available).
- the lack of and/or outdated trade and tariff information for countries including Libya, Somalia, Eritrea and Djibouti

¹ Eight RECs recognized by the African Union (COMESA, EAC, SADC, ECOWAS, ECCAS, CENSAD, IGAD and AMU), AGADIR (Egypt, Morocco, Tunisia and Jordan), PAFTA (the African countries of which are Algeria, Egypt, Libya, Morocco, Sudan and Tunisia) and the IOC (Comoros, Madagascar, Mauritius and Seychelles).

² Algeria-Morocco, Algeria-Tunisia, Botswana-Malawi, Botswana-Zimbabwe, Egypt-Libya, Egypt-Morocco, Egypt-Sudan, Egypt-Tunisia, Ethiopia-Sudan, Guinea-Morocco, Libya-Morocco, Malawi-Mozambique, Malawi-Zimbabwe, Mauritania-Morocco, Morocco-Tunisia, Morocco-Senegal, Mozambique-Zimbabwe and Zimbabwe-Namibia.

³ Trade negotiations under the Tripartite Free Trade Agreement among the members of the COMESA, EAC and SADC.

- the complicated liberalisation scheme for intra-ECOWAS trade – the ECOWAS Trade Liberalization Scheme (ETLS) determines that only specified products of a registered producers in an ECOWAS member have duty-free quota-free access to the rest of ECOWAS if it meets the origin criteria of the destination country. Accordingly, the state of intra-ECOWAS trade liberalisation at any point in time depends not only on the product traded, but also the member state and producer the import originates from. Depending on this ETLS criteria, 82 percent, 96 percent, 97 percent and 50 percent of the respective intra-ECOWAS imports into Burkina Faso, Ivory Coast, Senegal and Togo are potentially duty-free.

The 2019 trade and tariff data for 13⁴ of the current State Parties of the AfCFTA shows that high levels of intra-REC liberalisation have been achieved in some RECs while IGAD, AMU, ECCAS and CENSAD have no trade arrangements in place. However, due to overlapping membership trade among the members of these RECs have also largely been liberalised. Intra-REC tariffs for SACU, CEMAC, EAC and the COMESA FTA have been fully liberalised. Intra-COMESA imports from Eritrea and Ethiopia are afforded some preferential tariffs based on their reciprocal tariff reductions as they are in the process of accession to the COMESA FTA – 6 percent of Mauritius’ tariff lines has a preferential tariff of 10 percent of the MFN rate for Ethiopia and Eritrea; 63 percent of Kenya’s tariff lines has a preferential tariff of 10 percent of the MFN rate for Ethiopia and Eritrea and 89 percent of Egypt’s MFN tariffs has a respective preferential tariff of 90 percent and 20 percent of the MFN tariff for Ethiopia and Eritrea. For intra-SADC trade Angola (recently made an offer), DRC and Comoros are yet to join the SADC FTA and levied MFN tariffs in SADC destination markets. In the case of SADC FTA imports into SACU 99.7 percent of the tariff lines are duty-free (wheat flour, motor vehicle components, sugar and secondhand clothes are excluded) while intra-SADC imports into Mauritius are fully liberalised.

Furthermore, intra-REC trade is mainly between those countries which are members of the customs union (CU) or FTA of that REC. The only exceptions are Congo (49 percent of imports from the 11 ECCAS countries are duty-free (intra-CEMAC); 51 percent are imports from Angola of which 95 percent are imports of vessels levied 10 percent tariffs), São Tomé and Príncipe (it only belongs to ECCAS) and Mauritania (33 percent of MFN tariffs duty-free under the Mauritania-Morocco FTA). In the case of Eswatini, Namibia, Mauritius, Kenya and Egypt more than 70 percent of intra-REC imports are duty-free imports from CU or FTA members. Also, in the case of intra-ECOWAS trade almost all intra-ECOWAS trade can potentially be duty-free under the ETLS.

⁴ Burkina Faso, Congo, Egypt, Eswatini, Ivory Coast, Kenya, Mauritania, Mauritius, Namibia, São Tomé and Príncipe, Senegal, South Africa and Togo