

AfCTA negotiations: intra-Africa tariffs and trade

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22 September 2020

Introduction

Who negotiates with whom – basic principles

- RECs with the Common External Tariff (CET) – 32 Africa countries
 - Negotiate as a group to maintain the integrity of the CET
 - ECOWAS, EAC, SACU & CEMAC
 - For instance – ECOWAS will negotiate with SACU, CEMAC and EAC as well as individual countries like Algeria and Mauritius
 - No current preferences in place so potential trade opportunities

- RECs with FTAs in place (COMESA and SADC)
 - Negotiate as individual countries – will depend on level of integration
 - COMESA FTA – no liberalisation with DRC, Somalia & partial with Ethiopia (10% liberalisation) and Eritrea (80% liberalisation)
 - SADC FTA – no liberalisation with DRC, Comoros & Angola (recently submitted an offer)
 - For stance Mauritius – will not negotiate with COMESA & SADC FTA countries- tariff lines fully liberalised; tariff lines for Ethiopia and Eritrea 90% liberalised. So will negotiate where there is no preferences like ECOWAS, CEMAC & Mauritania

- RECs with no trade preferences in place (AMU, IGAD, ECCAS & CENSAD)
 - Currently there is no trade arrangement in place in these four RECs but due to overlapping membership there are already high levels of trade liberalisation among some of the members of these RECs
 - All AMU countries, except Mauritania have duty-free trade under PAFTA and there is also a Mauritania-Morocco FTA in place
 - Mauritania – CENSAD and AMU – neither have a trade agreement in place and only some preferential tariffs with Morocco under an FTA (33% of MFN tariff lines)
 - Also IGAD members, except Somalia are part of the EAC and or the COMESA FTA
 - Somalia – IGAD, CENSAD (no tariff preferences in place) & COMESA (not part of the COMESA FTA)

- Tariff negotiations will take place based on the MFN tariffs or general tariff of the negotiating parties.
- Some countries have the space in their tariffs to offer significant reductions under the AfCFTA – only 2% of ECOWAS CET is duty-free
- Mauritius have more than 90% of its MFN tariffs already duty-free

Who negotiates with who?

- We can divide the African countries into two groups:
- Group 1 – is 32 African countries which are part of regional economic communities which have a common external tariff in place – SACU, EAC, CEMAC and ECOWAS. To maintain the integrity of the common external tariff these countries will negotiate together as groups.
- Group 2 – countries which are part of RECs, FTAs, regional trade agreements/bilateral agreements without a common external tariff in place. These countries will negotiate as individual countries – incl Algeria, Ethiopia, Egypt, Madagascar etc.

- The second group includes countries which are members of AMU, IGAD, ECCAS and CENSAD. Currently there is no trade arrangement in place in these four RECs but due to overlapping membership there are already high levels of trade liberalisation among some of the members of these RECs
- For instance – All AMU countries, except Mauritania have duty-free trade under PAFTA and there is also a Mauritania-Morocco FTA in place
- Also IGAD members, except Somalia are part of the EAC and or the COMESA FTA
- The only intra-ECCAS trade not governed by tariff preferences is trade with Angola and Sao Tome and Principe and trade between EAC and CEMAC

- The RECs of COMESA and SADC are also included in the second group of countries. Both these RECs have FTAs in place, but not all REC members are part of the FTAs of the REC
- Who will SACU be negotiating with?
 - EAC (already negotiated under the TFTA)
 - CEMAC
 - ECOWAS
 - This covers the countries with the CET

- Of the remaining 23 countries – 11 are members of SADC – 8 part of the SADC FTA and 3 (Angola, DRC & Comoros) not part of the SADC FTA
- The preferential tariff levied by the SACU countries on imports from the rest of SADC are 99,7% liberalised (sugar, wheat flour, original motor vehicle equipment and second-hand clothes are excluded).
- No liberalisation for imports from Angola, DRC and Comoros
- Individual countries – mainly east and north Africa – Ethiopia, Egypt, Morocco, Mauritania, Algeria

- If we look at an individual country examples:
 - Ethiopia – Ethiopia is a member of IGAD and COMESA, but IGAD has no trade agreement in place and Ethiopia has only liberalised 10% of its general tariff for COMESA FTA imports.
 - Mauritania – CENSAD and AMU – neither have a trade agreement in place and only some preferential tariffs with Morocco under an FTA (33% of MFN tariff lines)

- Tariff negotiations will take place based on the MFN tariffs or general tariff of the negotiating parties.
- While some countries have the space in their tariffs to offer significant reductions under the AfCFTA, other countries, like Mauritius have more than 90% of its MFN tariffs already duty-free; also preferential tariffs for SADC and COMESA FTA imports are fully liberalised.
- On the contrary 2% of the ECOWAS CET is duty-free; 37% 5% tariffs; 36% 20% tariffs; 23% 10% tariffs; and 2% 35% tariffs
- EAC CET – 40% tariff lines have 25% tariffs
- Higher tariffs applicable to imports of assembled vehicles, sugar, pasta, some fruit and vegetables like apples, cement, bottled water, clothing and textiles and second-hand clothes; chicken meat; wheat flour
- In most cases tariff lines have mainly 10% tariffs
- Intra-Africa trade is mainly with REC countries; especially those countries which are part of the FTA/CU of the REC and mostly of products which are duty-free or have up to 5% tariffs

Sources

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