

African continental free trade area negotiations

WHO is negotiating with WHOM?



Southern African Customs Union (SACU) & the East African Community (EAC)

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Botswana: SACU + SADC FTA



Eswatini: SACU + SADC FTA + COMESA FTA



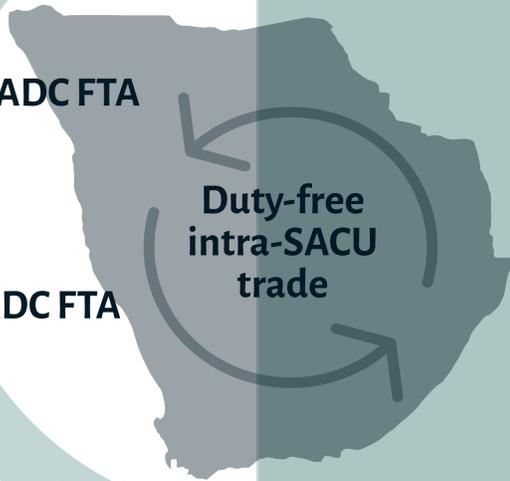
Lesotho: SACU + SADC FTA



Namibia: SACU + SADC FTA



South Africa: SACU + SADC FTA



Common External Tariff

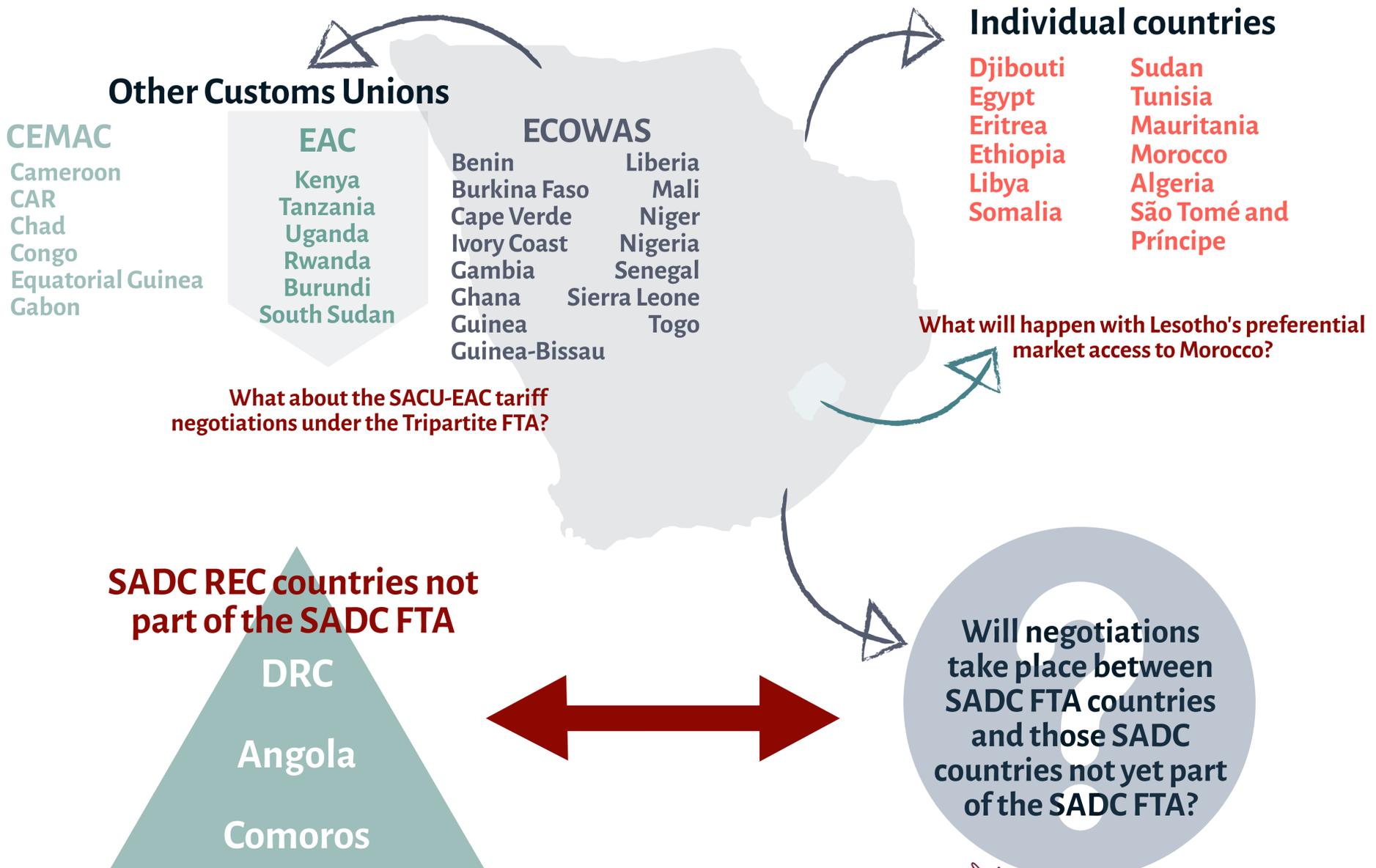
SACU is a customs union with a common external tariff applicable to imports from outside the common customs area irrespective of the destination market.

All SACU countries are also members of the SADC FTA; accordingly there is a distinction between the CET tariff rates - preferential tariff rates levied on imports from countries with whom SACU has negotiated a trade arrangement (SADC, EU, MERCOSUR & EFTA) and the general rate of duty (the MFN applied tariff on imports from all other sources).

The SADC REC has 16 countries of which Angola (has recently made an offer), DRC & Comoros are yet to join the SADC FTA. Eswatini is also a member of the COMESA FTA in terms of which goods from Eswatini have preferential access to the other COMESA FTA countries. However, goods imported into Eswatini from COMESA FTA countries are not levied a preferential duty as Eswatini is exempt from reciprocating preferential access due to being a member of SACU. Lesotho is also one of the LDCs which benefits from unilateral preferential market access granted by Morocco.

SACU has a common negotiating mechanism in place which requires all the SACU countries to negotiate any trade agreements together as a customs union. However, Botswana and Lesotho have not yet ratified the AfCFTA.

Who will SACU be negotiating with?



South Sudan

A member of IGAD and a beneficiary of Morocco's unilateral preferential market access. No publicly available tariff data

Burundi, Rwanda & Uganda

All three are also members of the COMESA FTA; Uganda is also a member of IGAD and Burundi & Rwanda are members of ECCAS

Tariffs applied to intra-Africa imports:

- Imports from outside EAC & COMESA FTA: EAC CET (MFN) with exceptions for products including gum base, sugar & second-hand clothes
- Duty-free imports from other EAC countries
- Preferential tariff applicable to imports from other COMESA FTA countries
- Imports from non-COMESA FTA countries: preferential tariff of 20% of the general tariff for imports from Eritrea and 90% of the general tariff for imports from Ethiopia

Tanzania

Also a member of the SADC FTA

Tariffs applied to intra-Africa imports:

- Imports from outside EAC & SADC FTA: EAC CET (MFN) with exceptions for products including crude sunflower and palm oil, second-hand clothes, safety matches & beef products
- Duty-free imports from other EAC countries
- Preferential tariff applicable to imports from SADC FTA members (Tanzania is a member of SADC and the SADC FTA)

Kenya

Also a member of the COMESA FTA and IGAD

Tariffs applied to intra-Africa imports:

- Imports from outside EAC and COMESA FTA: EAC CET (MFN) with exceptions including vehicles, flat-rolled steel products, second-hand clothing & laminated wood products
- Duty-free imports from other EAC countries
- Preferential tariff applicable to imports from other COMESA FTA countries
- Imports from non-COMESA FTA countries: preferential tariff of 10% of the general tariff

The EAC is also a customs union with a common external tariff; however, the rate of duty of the EAC CET levied on goods imported from outside the common customs area does differ depending on the exporting country and the destination market.

The EAC countries can apply to the EAC Council of Ministers for an exception to the CET for a period of one year (1 July-30 June). These products are normally sensitive goods, like sugar, second-hand clothing, vehicles and steel products. These exceptions are to the MFN (general tariff) applied tariff - the different EAC members can apply different rates of duties which are higher or lower than the CET.

Four of the EAC members (Kenya, Uganda, Burundi & Rwanda) are also members of the COMESA FTA. Tanzania is a member of the SADC FTA. South Sudan is neither part of COMESA nor SADC. There are different preferential tariff rates applicable to imports into the different EAC countries depending on the source (COMESA FTA, COMESA non-FTA or SADC FTA) country and the destination market.

As a Customs Union with a CET the EAC countries will be negotiating together, but there are some practical challenges. Burundi, Tanzania and South Sudan have not yet ratified the AfCFTA; South Sudan & Uganda benefit from unilateral preferential market access granted by Morocco and how will negotiations take place given the extent of the overlapping memberships with other African FTAs?

Who will the EAC be negotiating with?



What will happen with Uganda's & South Sudan's preferential market access to Morocco?

Member of ECCAS with Burundi & Rwanda

Mauritania + Morocco + Algeria + São Tomé and Príncipe

Mozambique → But what about existing tariff preferences with Tanzania under the SADC FTA?

Comoros, Djibouti, Egypt, Libya, Sudan, Tunisia → But what about existing tariff preferences with Kenya, Uganda, Burundi & Rwanda under the COMESA FTA?

