

AfCFTA negotiations: the current state of REC liberalisation and intra-REC trade

Article 19(2) of the African Continental Free Trade Area (AfCFTA) agreement states that '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'. Currently there are numerous existing regional economic communities (RECs) and bilateral trade agreements in place and ongoing liberalisation efforts. In accordance with Article 19(2) one of the determinants of whether an existing trade arrangement will remain is the level of integration which has been achieved among the parties of the trade arrangement.

SACU, EAC and CEMAC



SACU, the EAC and CEMAC are customs unions. According to available data intra-REC tariffs are fully liberalised. However, on all imports of certain UHT milk into Botswana additional duties as infant industry protection are currently applicable. Article 26 of the 2002 SACU Agreement allows Botswana, Eswatini, Lesotho and Namibia to levy additional duties for a period of eight years to protect a domestic infant industry. These additional duties are levied on the basis of non-discrimination on imports originating from both inside and outside the common customs area. Both Namibia and Botswana have utilised this provision to levy duties on certain imports and currently a duty of 40 percent is levied on 4 tariff lines pertaining to UHT milk (HS04011007, 04012007, 04014007 and 04015007).

RECs with FTAs/Customs Unions in place

ECOWAS

- The applicable tariff for the ECOWAS countries as available shows that 13 of the 15 countries apply the ECOWAS CET while the tariffs applied by Liberia and Cape Verde is different from the ECOWAS CET.
- The ECOWAS Trade Liberalisation Scheme (ETLS) is the instrument used for the establishment of the ECOWAS FTA. According to the ETLS agriculture products, industrial products and handmade crafts can be traded duty-free among the ECOWAS countries if certain requirements are met.
- Enterprises in ECOWAS must apply to be approved and be issued verification of origin certificates for the product they wish to trade under the ETLS.
- Thus far, 1519 products (at HS10) have been approved for duty-free intra-ECOWAS trade – 25 per cent of the ECOWAS CET tariff lines of 6129.

GAFTA

- Of the 17 GAFTA countries six are African countries of which all but Libya have published preferential tariffs. The majority of intra-GAFTA tariffs have been liberalised with some countries having fully liberalised tariff lines for intra-GAFTA imports. On average, among the five African countries which are members of GAFTA intra-GAFTA tariff liberalisation is 93 per cent. The countries with the least number of liberalised tariff lines are Algeria (77% of tariff lines) and Tunisia (88% of 2016 tariff lines).

SADC

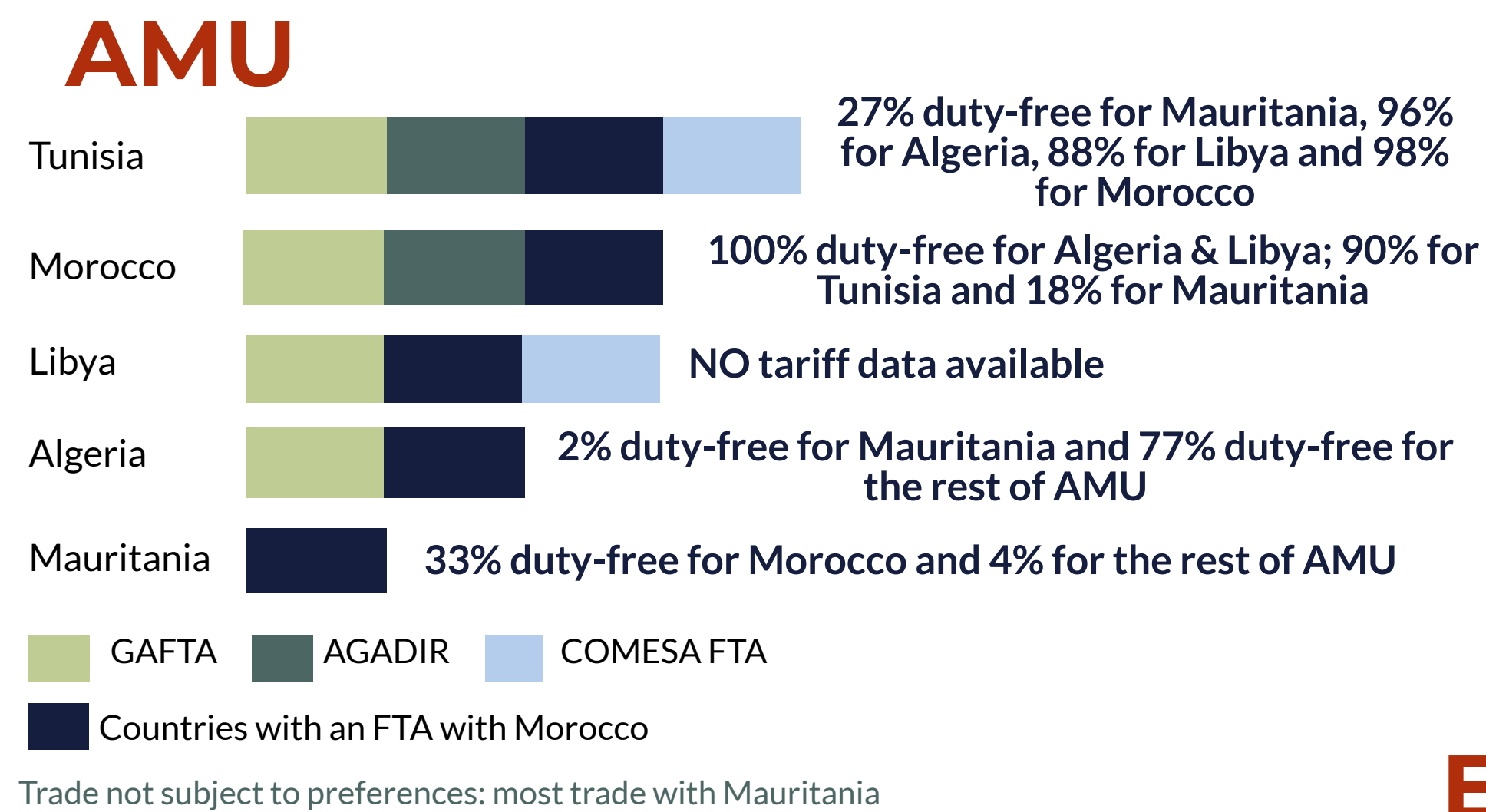
- 13 of the 16 SADC REC members are also members of the SADC FTA; Angola has recently submitted an offer to accede to the FTA and the DRC and Comoros are yet to join the FTA.
- Tariff liberalisation across the whole of SADC (FTA and non-FTA countries) is 73 percent mainly due to the MFN rates levied on/by countries which are not members of the SADC FTA.
- 97 per cent of intra-SADC FTA tariff lines have been fully liberalised.

COMESA

- 17 of the COMESA REC countries are currently members of the COMESA FTA. The DRC and Somalia have not yet joined the FTA and Ethiopia and Eritrea are in the process of acceding. Eritrea and Ethiopia have already started to liberalise tariffs for intra-COMESA imports – tariffs levied by Eritrea and Ethiopia on intra-COMESA imports are respectively 80 per cent and 20 per cent of the general tariff rates. Most of the COMESA FTA countries reciprocate these tariff preferences for imports from these two countries.
- Across 18 COMESA REC countries tariff liberalisation is at 59 per cent (Somalia, Libya and Djibouti are excluded).
- The tariff lines across 13 of the COMESA FTA countries (Tunisia, Djibouti, Eswatini and Libya excluded) are fully liberalised.

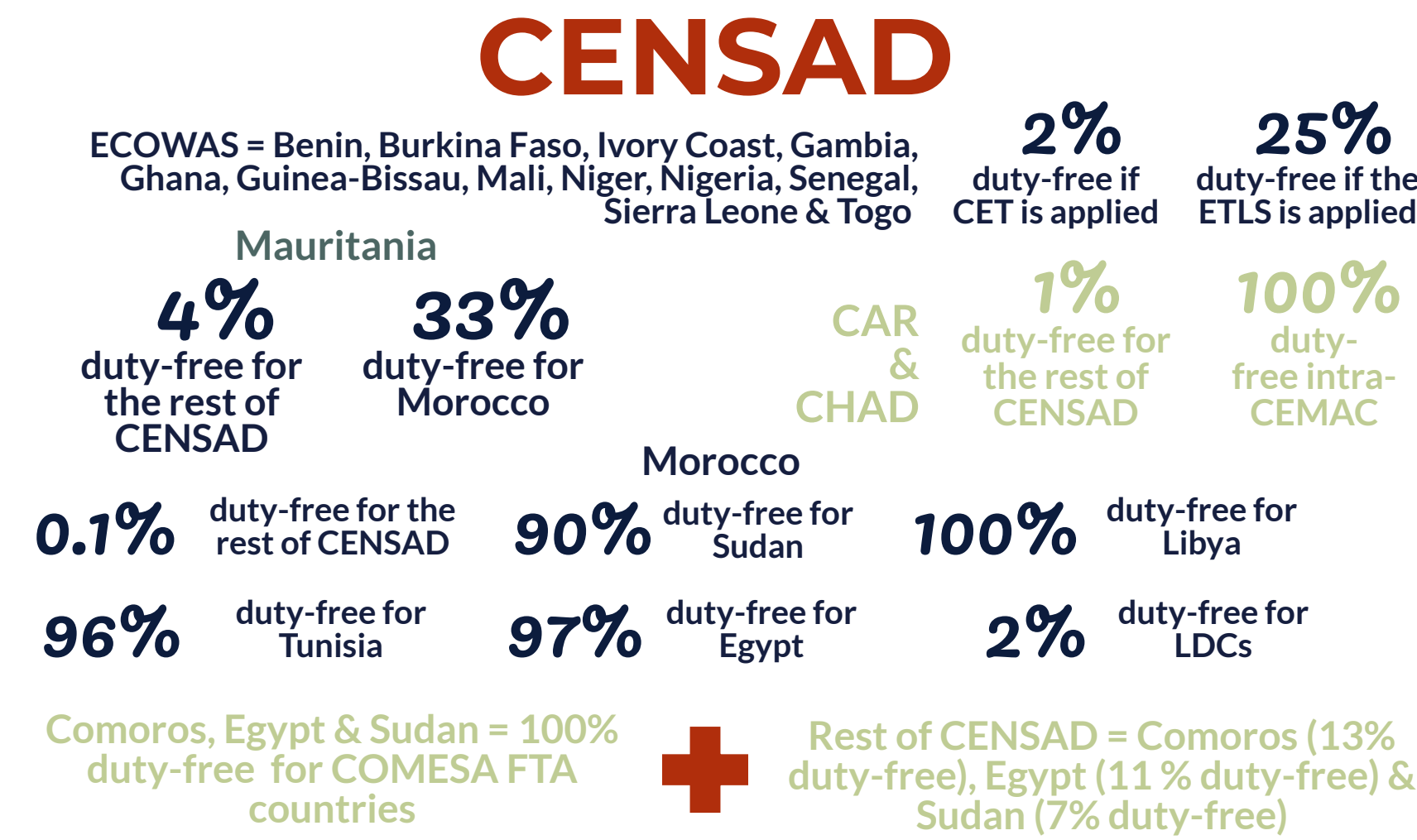
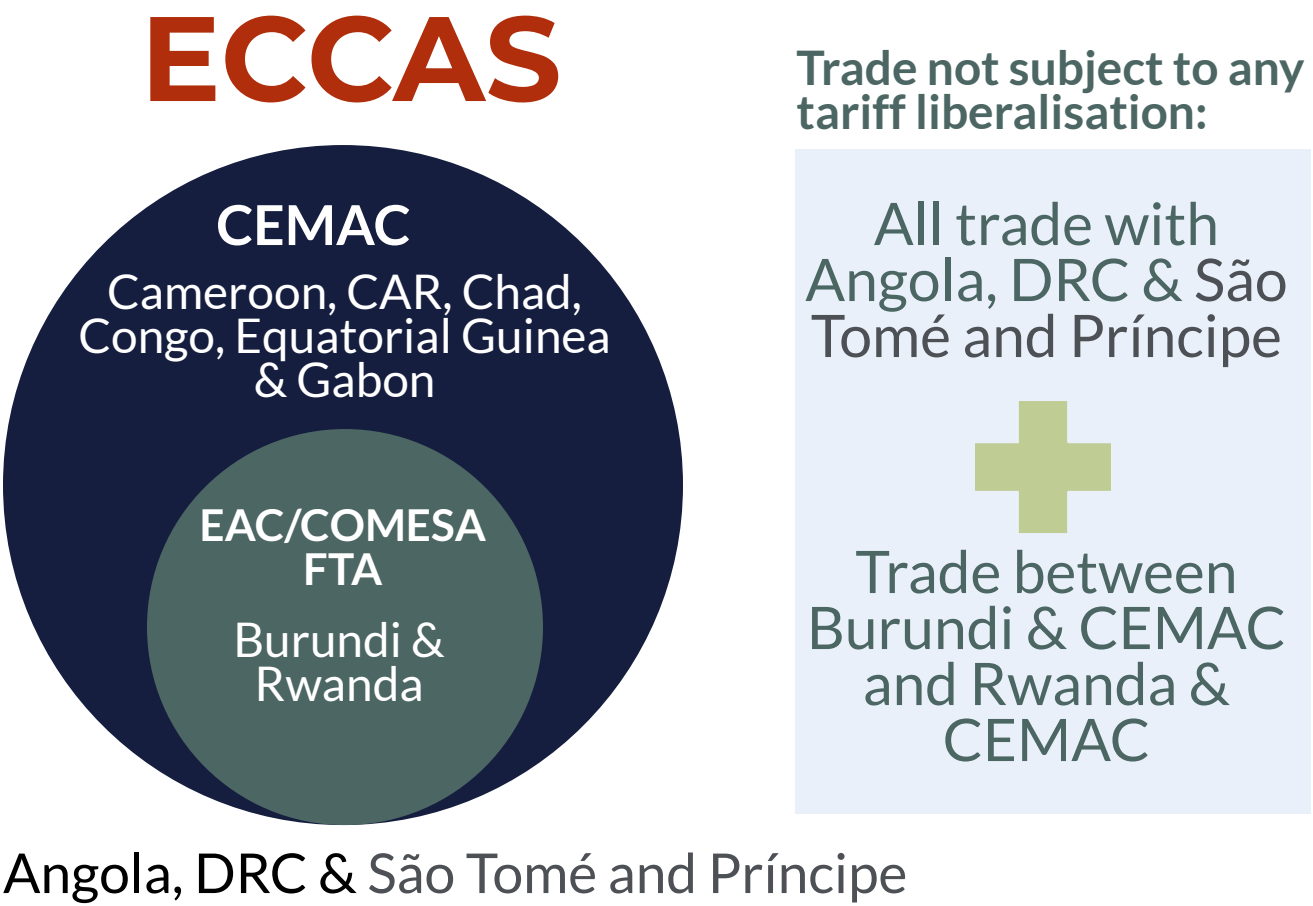
RECs with no trade agreements in place among the members of the RECs

There is no tariff liberalisation under the RECs of AMU, CENSAD, ECCAS and IGAD. However, trade among the members of these RECs is already subject to tariff liberalisations due to the overlapping membership with other RECs which do have FTAs or/and customs unions in place.



All the AMU countries, except Mauritania are members of GAFTA. Most of the trade with Mauritania is not subject to any tariff liberalisation. The only exception is Mauritania-Morocco trade under an FTA with a third of Mauritania's tariff lines for goods imported from Morocco liberalised and 18 per cent of Morocco's tariff lines for goods imported from Mauritania. Due to the lack of tariff liberalisation for goods from Mauritania intra-AMU tariff liberalisation is 63 per cent of all tariff lines applicable to trade among the AMU countries.

All the CEMAC countries are included in ECCAS, which also includes Burundi and Rwanda which are members of both the COMESA FTA and the EAC. Accordingly, intra-CEMAC, intra-EAC and intra-COMESA FTA trade is duty-free (tariff lines fully liberalised). The countries which are not part of these FTAs and customs union have low percentages of tariff liberalisation of their general and MFN applied tariffs. The same holds true for the CEMAC CET and EAC CET. For instance, 1 per cent of the CEMAC CET, 2 per cent of the MFN applied of São Tomé and Príncipe and 5 per cent of the MFN applied tariff of the DRC are fully liberalised. Of the tariff lines applicable to intra-ECCAS trade only 47 per cent is potentially fully liberalised.



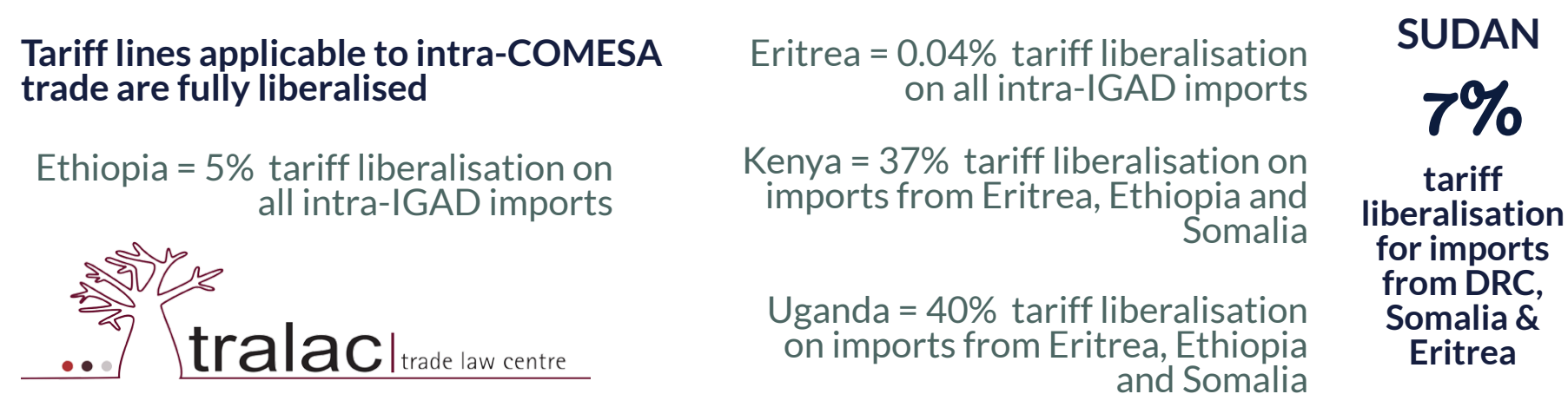
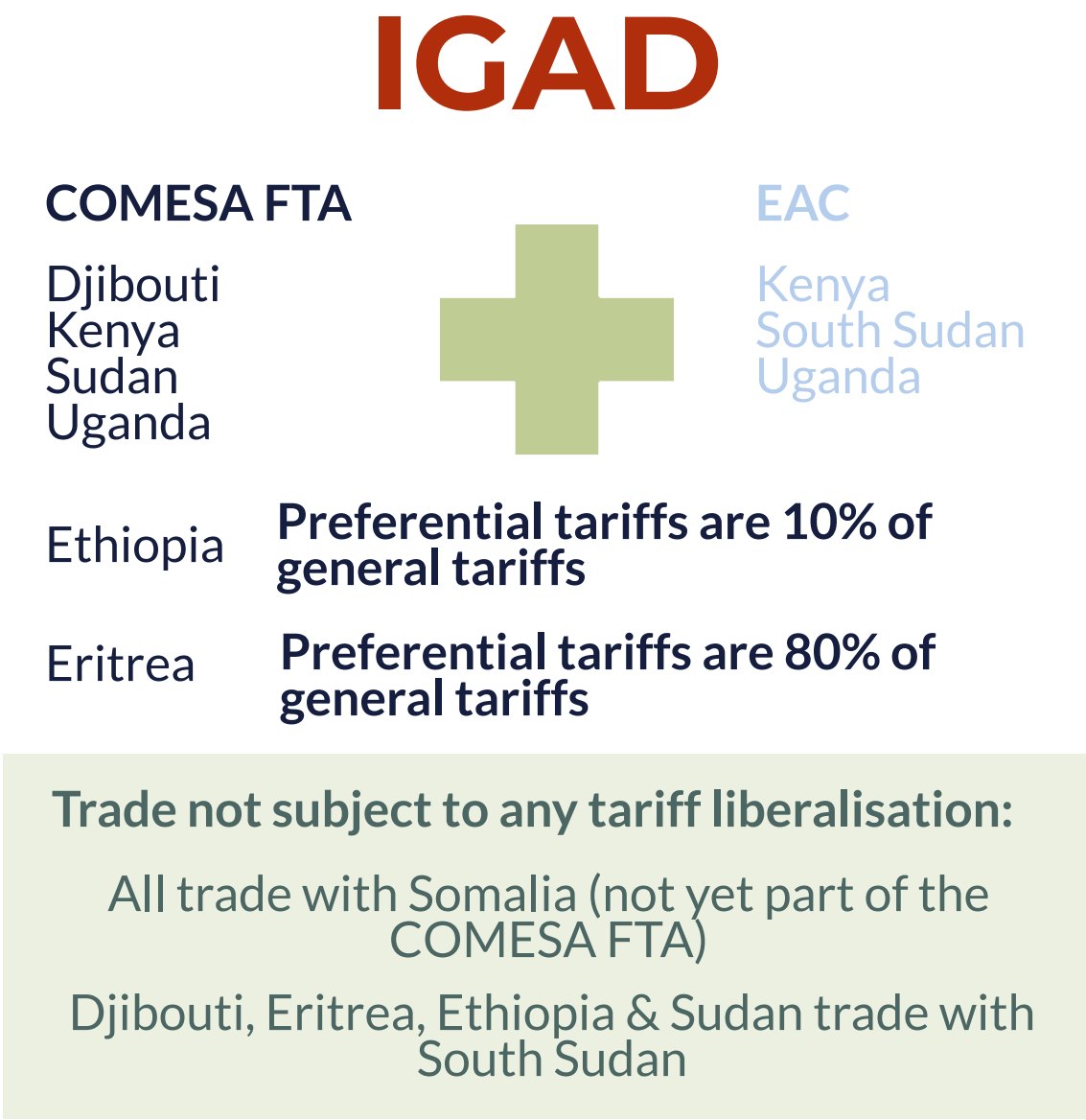
CENSAD includes most of the ECOWAS countries as well as countries which are members of the COMESA FTA, CEMAC and GAFTA. The percentage of tariff liberalisation depends on whether the ECOWAS ETLS is applicable or not. If the ETLS is not applicable then intra-CENSAD tariff liberalisation is 56 per cent, if it is applicable the liberalisation is at 57 per cent.

Eritrea = 0.04% tariff liberalisation

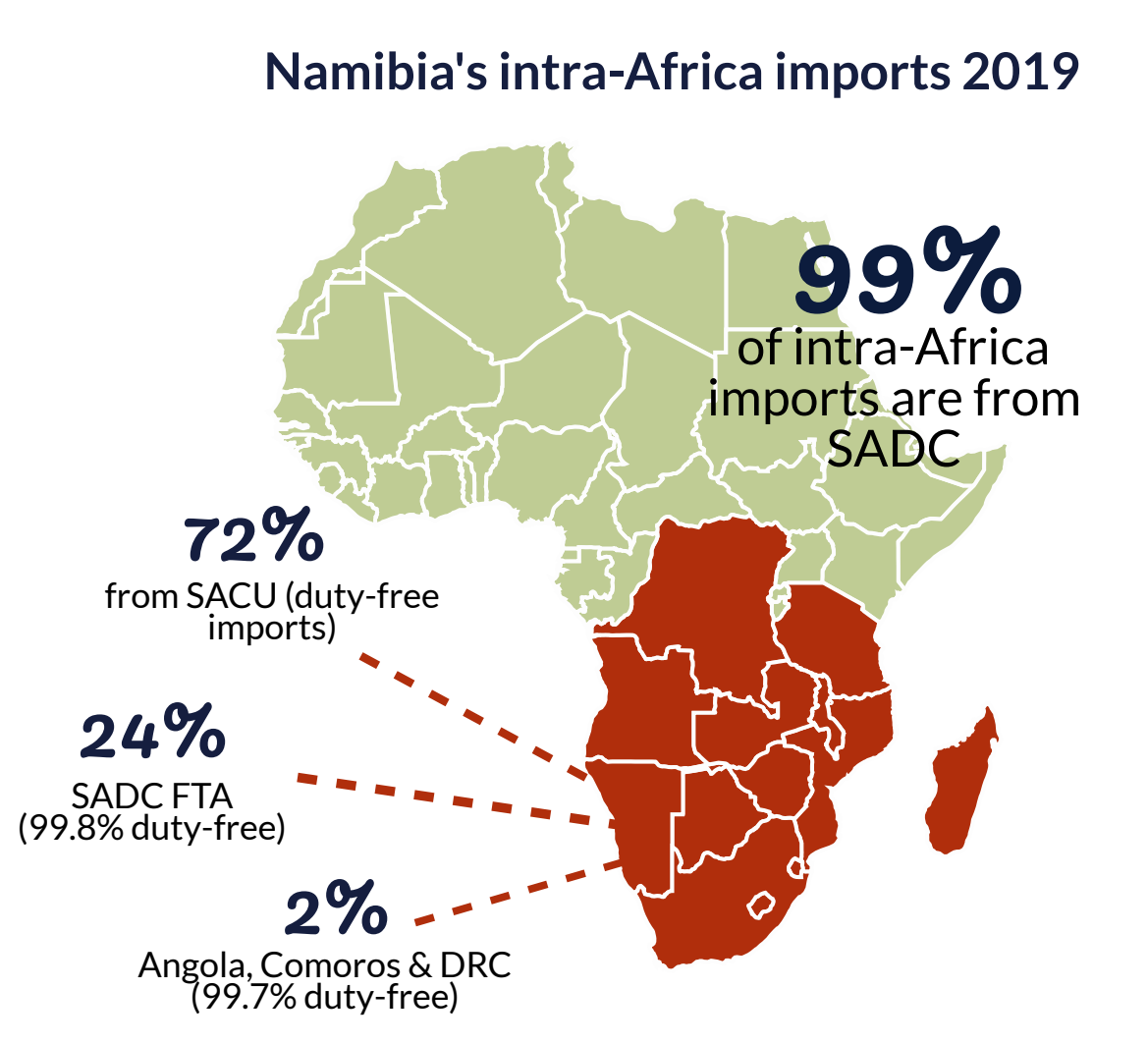
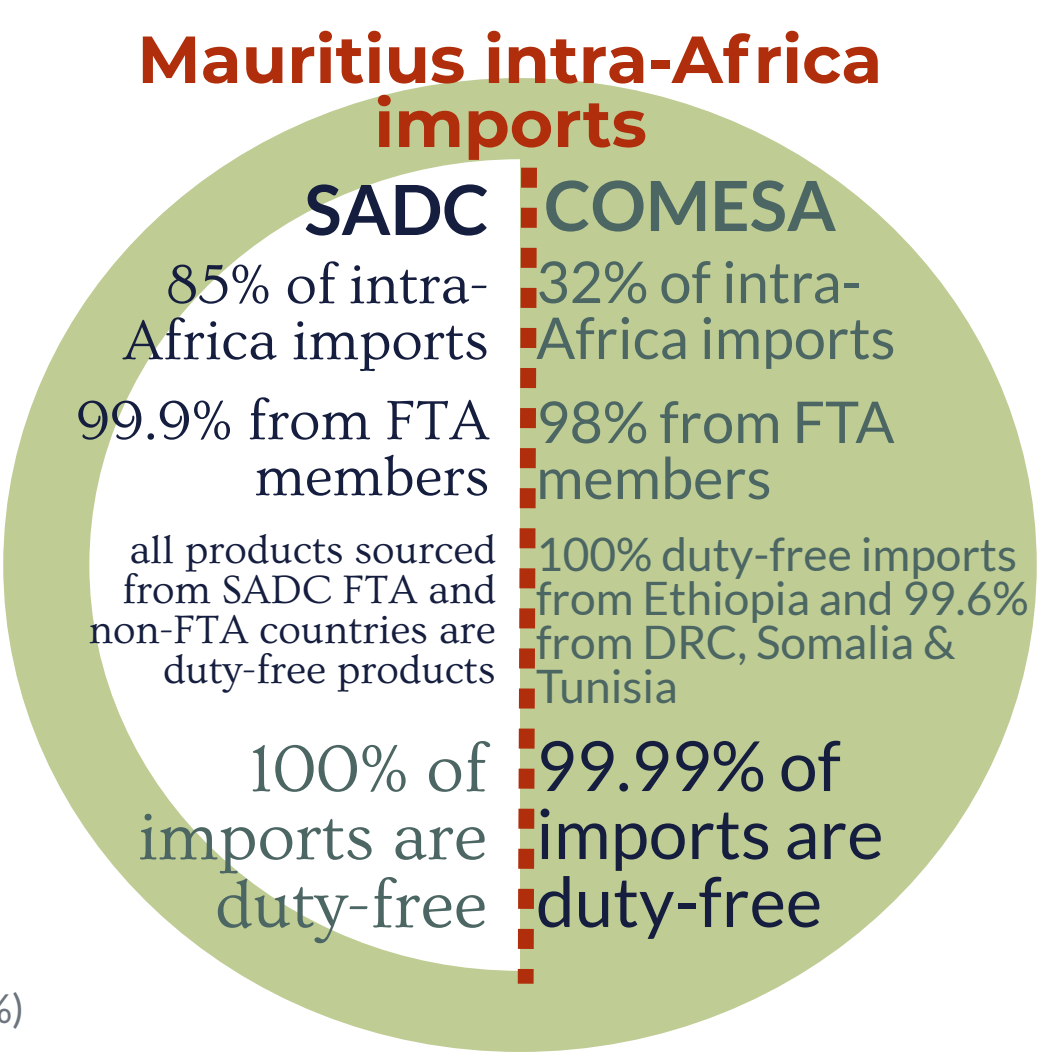
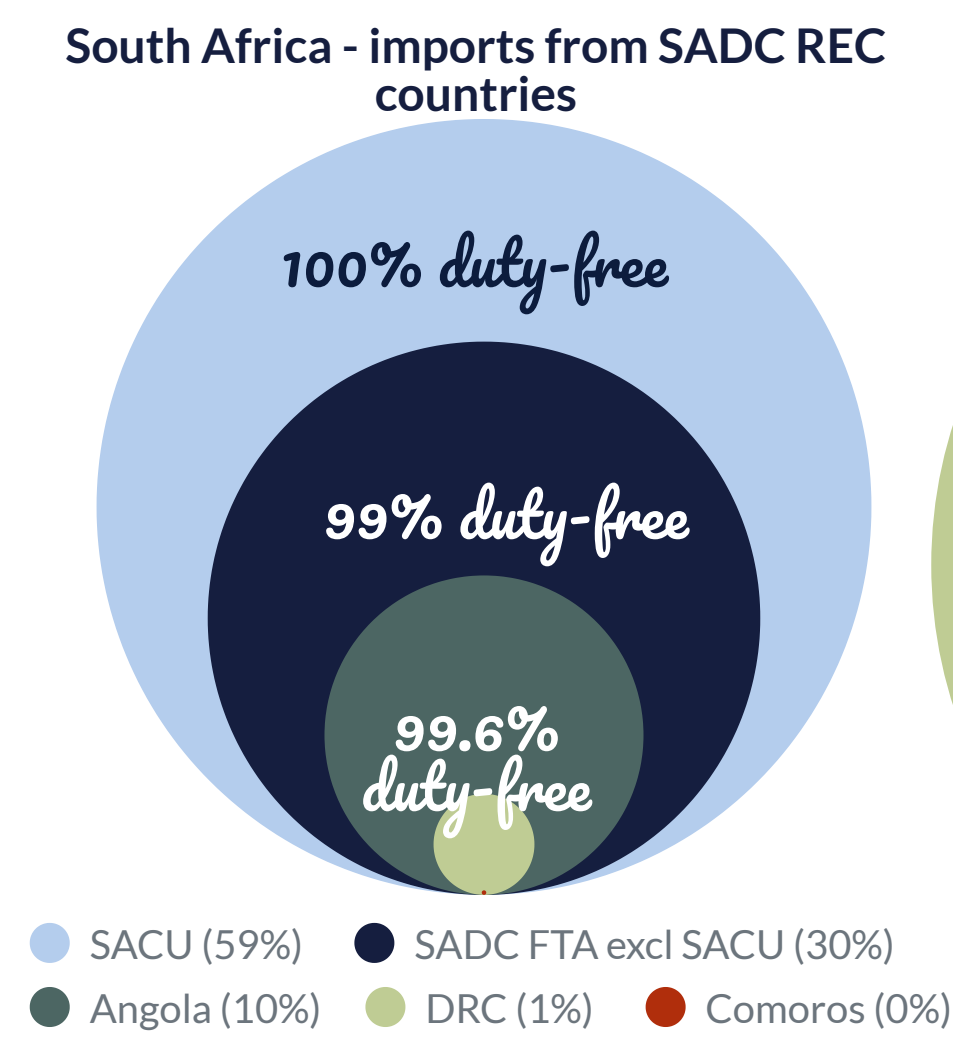
Tunisia

27% liberalisation for the rest of CENSAD and Mauritania, 88% for Libya and 98% for Morocco

Most IGAD countries are members of the COMESA FTA and/or the EAC. Intra-IGAD tariff liberalisation depends on the general and MFN applied tariffs levied by the non-COMESA FTA countries and those levied by the COMESA FTA/EAC countries on imports from these non-COMESA FTA countries. Due to limited tariff liberalisation of the general tariffs of Eritrea, Ethiopia and Sudan and the EAC CET intra-IGAD tariff liberalisation is 45 per cent.



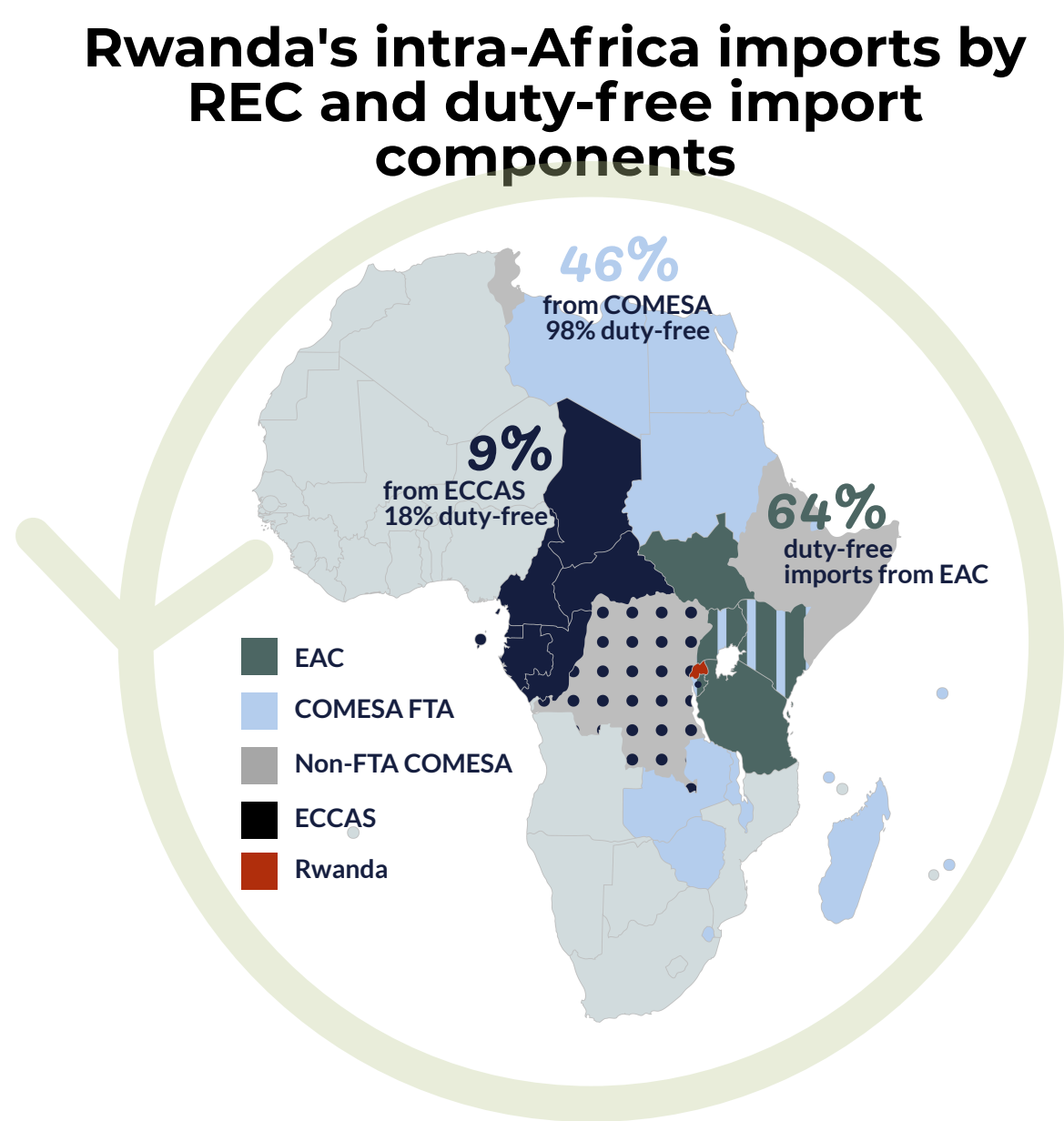
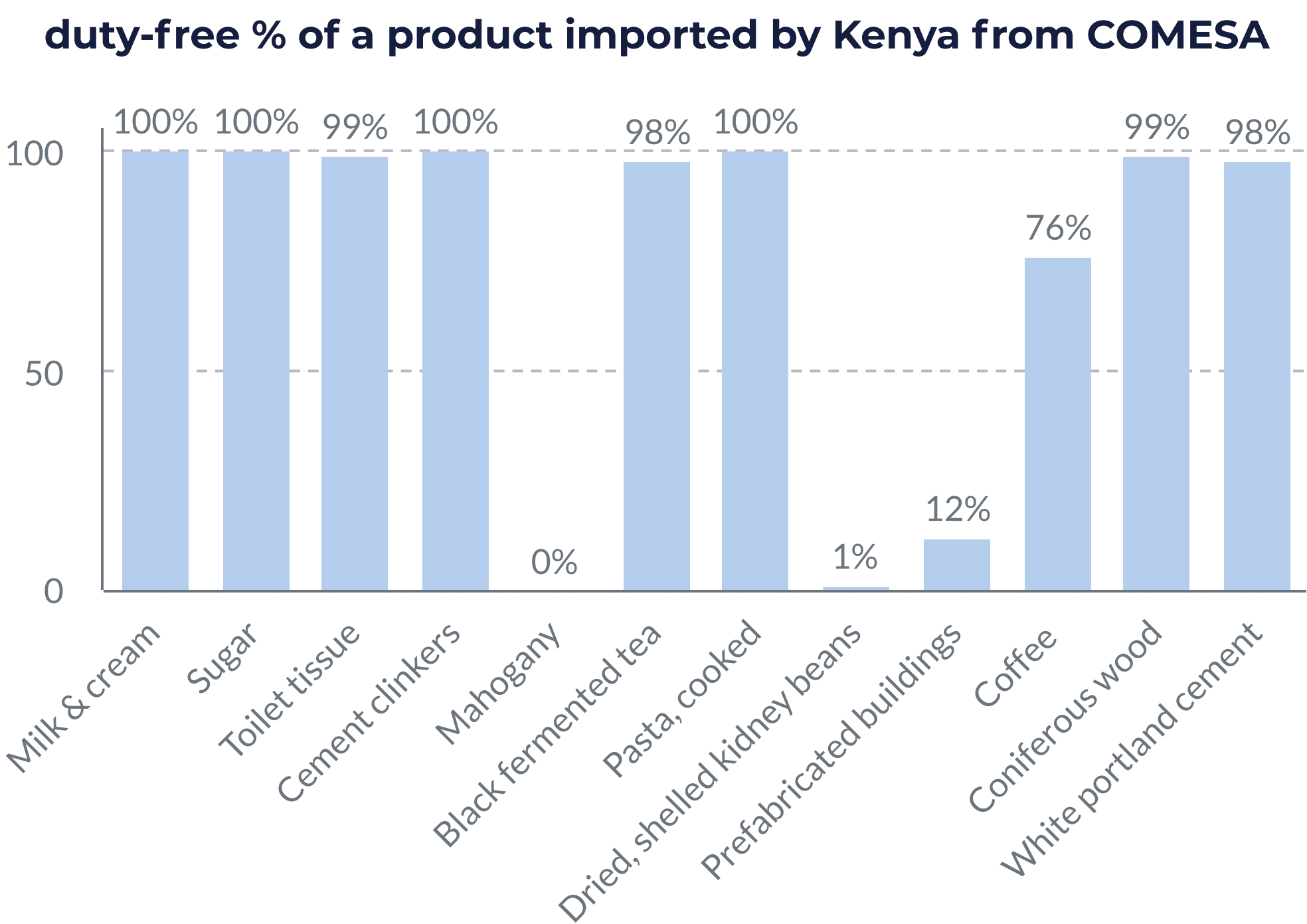
16 of the 28 countries which have submitted their instruments of ratification of the AfCFTA have updated trade information for 2019 which is used for the trade analysis. A combination of trade and tariff data can be utilised to determine the state of intra-REC trade.



59 per cent of **South Africa's** intra-SADC imports are from SACU, 30 per cent from the rest of the SADC FTA countries, 10 percent from Angola, 1 per cent from DRC and 0.002 per cent from Comoros. 98.6 per cent of South Africa's imports from the SADC FTA countries and 99.6 per cent of imports from Angola, DRC and Comoros are duty-free.

73 per cent of **Namibia's** imports from SADC are intra-SACU imports, 24 per cent from the other SADC FTA countries and 2 per cent from Angola, Comoros and DRC. 99.8 percent and 99.7 per cent of Namibia's respective imports from the SADC FTA countries excluding SACU and Angola, Comoros and DRC are duty-free.

Mauritius' tariffs for intra-SADC FTA and intra-COMESA FTA imports have been fully liberalised. 99.6 per cent of imports from the other three COMESA countries not members of the FTA (DRC, Somalia and Tunisia) were duty-free under Mauritius' MFN tariffs. 100% of intra-SADC imports are duty-free.



99.5 per cent of **Eswatini's** intra-Africa imports are sourced from the 16 SADC countries; 95.8 per cent from the rest of SACU, 4 per cent from the rest of the SADC FTA countries and 0.0004 per cent from Angola, Comoros and DRC. 99.9 per cent of imports from the SADC FTA countries which are not SACU members are duty-free.

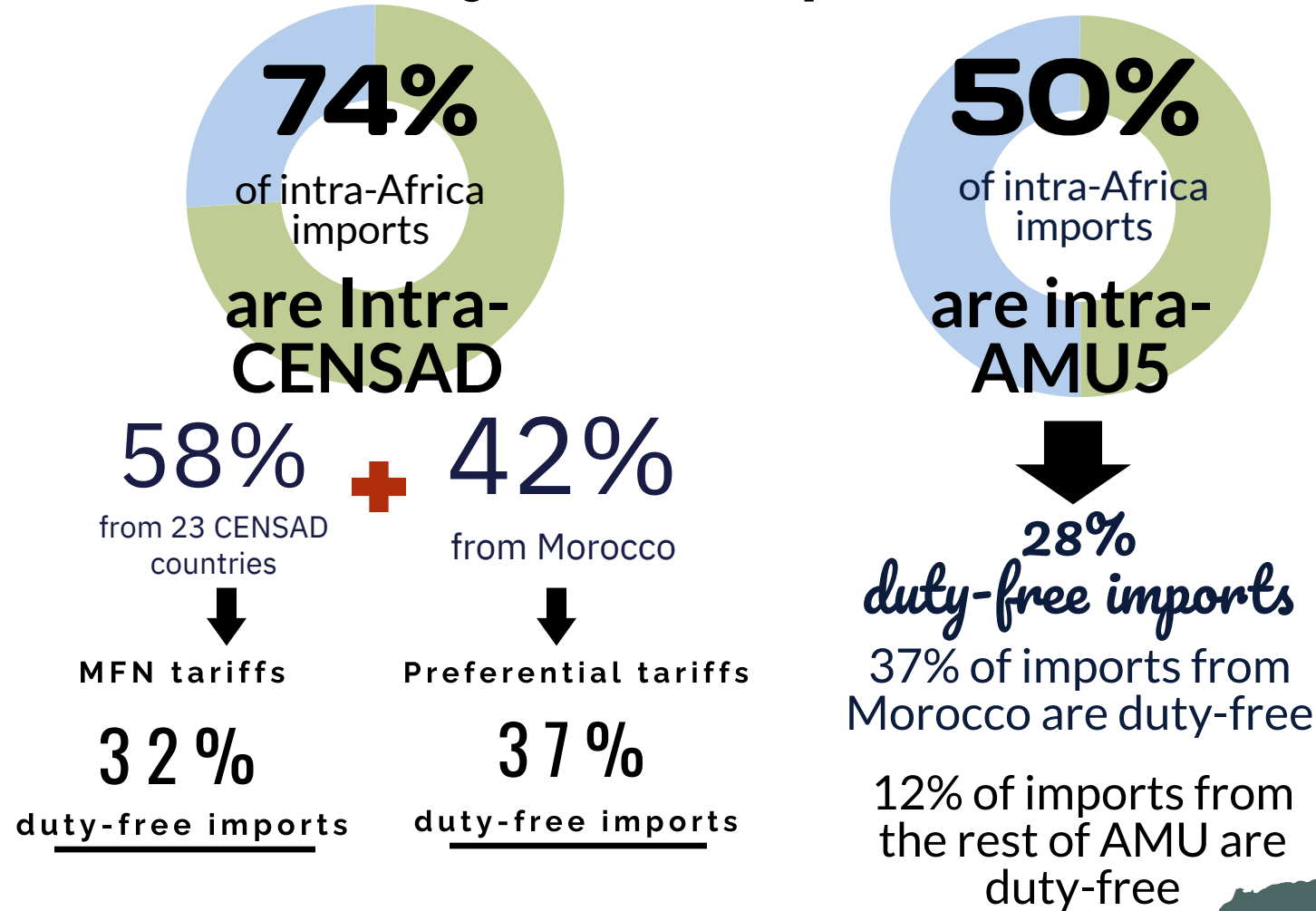
97 per cent of **Kenya's** intra-COMESA imports are duty-free – all imports from EAC and COMESA FTA countries, 5 per cent of imports from Ethiopia and 20 per cent of imports from other non-COMESA FTA countries (DRC, Somalia and Tunisia). 96 per cent of Kenya's intra-IGAD imports are goods which can be imported into Kenya duty-free under the EAC and/or the COMESA FTA. The only IGAD country levied MFN tariffs is Somalia (US\$4.2 million imports).

98 per cent of **Rwanda's** intra-COMESA imports are duty-free, while only 18 percent of intra-ECCAS imports can be duty-free under EAC or/and COMESA FTA (imports from Burundi). 78 per cent of intra-ECCAS imports are unwrought gold imported from Cameroon at a tariff of 25 per cent.



- dried kidney beans (0.8% duty-free)
- dried Vigna beans, denim, soybeans, terry toweling and toilet linen (none duty-free)
- prefabricated building (12% duty-free)
- roasted coffee (63% duty-free)
- coffee (92.8% duty-free)

Mauritania's intra-Africa REC imports and duty-free components



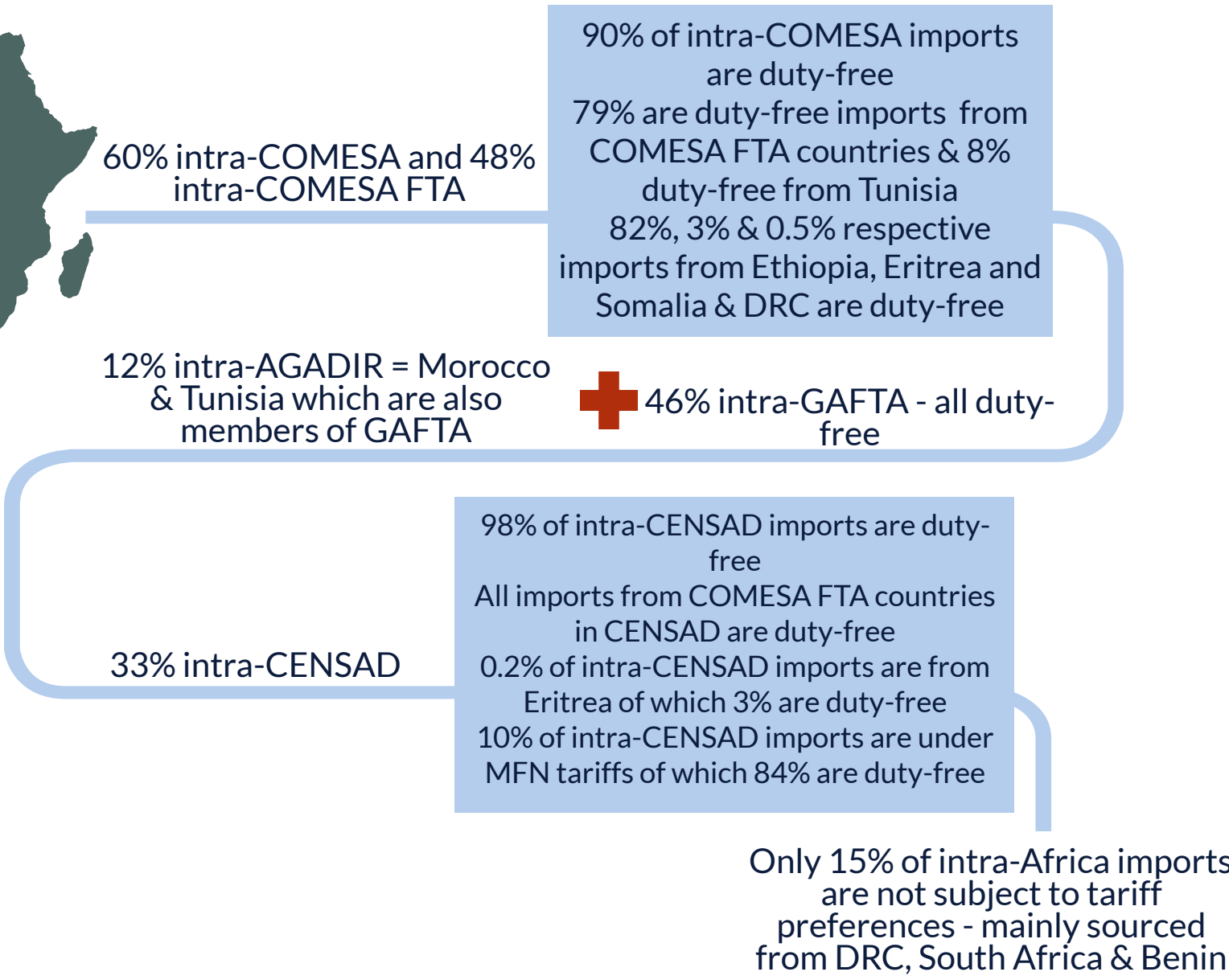
74 per cent of **Mauritania's** intra-Africa imports are from CENSAD and 50 per cent from AMU. Morocco is a member of both these RECs and the only country Mauritania has preferences with under the Morocco-Mauritania FTA. All other goods are levied the general rate of duty. Only around one third of intra-CENSAD and intra-AMU imports are duty-free.

80 per cent of **Egypt's** intra-COMESA imports are duty-free imports from FTA countries and 8 per cent duty-free imports from Tunisia under GAFTA and/or AGADIR. Of the 33 per cent intra-CENSAD imports the majority are duty-free sourced from the COMESA FTA countries, Morocco and Tunisia.

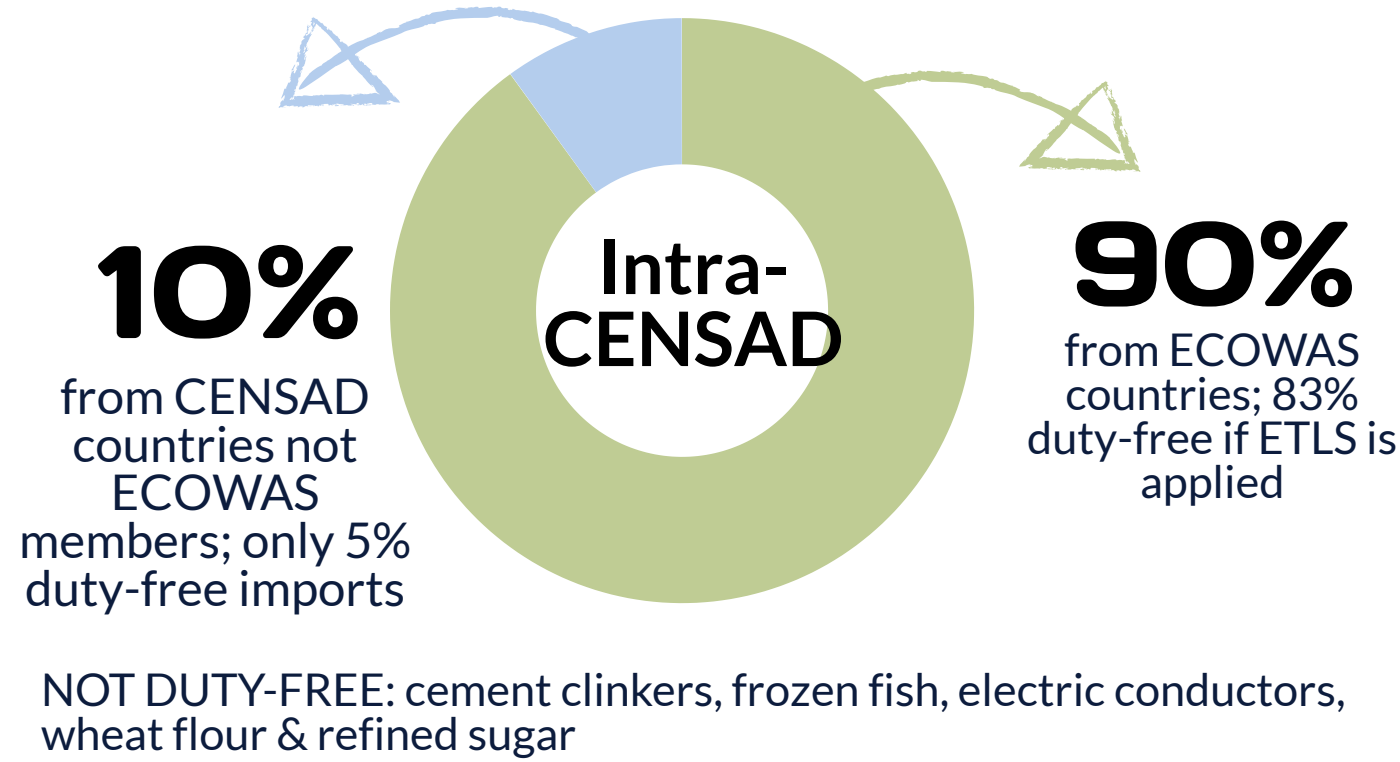
46 per cent of **Congo's** intra-Africa imports are from ECCAS – 24 per cent from the five ECCAS countries not CEMAC countries and 22 per cent from the CEMAC countries. 49 per cent of intra-ECCAS imports are duty-free; mainly due to different types of vessels being imported from Angola levied 10 per cent duties. 95 per cent of intra-ECCAS imports excluding vessel imports are duty-free; basically all intra-CEMAC imports as only 0.1 per cent of intra-ECCAS imports from outside CEMAC are duty-free imports.

79 per cent of **São Tomé and Príncipe's** intra-Africa imports are intra-ECCAS imports – mainly light oils imported from Angola. Since there is no trade agreement in place among the ECCAS countries all imports are levied the MFN applied tariffs and only 0.3 per cent of intra-ECCAS imports are duty-free.

Egypt's intra-Africa imports from RECs



Burkina Faso



84 per cent of Burkina Faso's intra-Africa imports are from ECOWAS and 10 percent from CENSAD countries which are not ECOWAS countries. Ivory Coast and Togo also imports significantly more (74 per cent and 73 per cent respectively) from ECOWAS countries than from CENSAD countries which are not ECOWAS member states.

If the ETLS is applicable to intra-ECOWAS imports by **Burkina Faso** then 83 per cent of intra-ECOWAS trade is duty-free, otherwise only 1 per cent is duty-free. 90 per cent of intra-CENSAD imports are from ECOWAS countries. 75 per cent of intra-CENSAD imports are duty-free if the ETLS is applied to those imports from ECOWAS countries. Most of these duty-free imports are from ECOWAS countries as only 5 per cent of imports from the rest of CENSAD are duty-free.

Irrespective of whether the ETLS is applicable or not, **Ivory Coast** mainly imports duty-free goods from ECOWAS countries. This is due to 75 per cent of imports being crude oil imported duty-free. If the ETLS is applicable 93 per cent of intra-ECOWAS imports are duty-free, otherwise duty-free imports are 77 per cent. 80 per cent of intra-CENSAD imports are from ECOWAS countries, the rest from CENSAD countries which are not ECOWAS members of which only 13 per cent are duty-free imports.

For goods imported under the ETLS into **Togo** 51 per cent of intra-ECOWAS imports are duty-free. For goods imported under MFN only 1 per cent is duty-free. In the latter case some of the only goods which are imported duty-free include urea, medicines and liquefied butanes. 81 per cent of intra-CENSAD imports are from ECOWAS countries. However, only 41 per cent of intra-CENSAD imports are duty-free due to only 0.5 per cent of imports from countries outside ECOWAS being duty-free. Some of the goods of which the majority of intra-CENSAD imports are sourced from outside ECOWAS at a tariff higher than duty-free include Pacific Salmon, electricity meters, fertilisers, frozen fish, control panels and food and beverage additives. The duties applicable are either 5 per cent or 10 per cent.

Ivory Coast's main intra-CENSAD imports

