



United Nations
Economic Commission for Africa

CONCEPT NOTE

AN AD HOC EXPERT GROUP MEETING (AEGM) ON

***“DEEPENING REGIONAL INTEGRATION IN SOUTHERN AFRICA: THE
ROLE, PROSPECTS and PROGRESS OF THE TRIPARTITE FREE TRADE
AREA (TFTA)”***

23-24 October 2017

Bulawayo, Zimbabwe

1. Background

With over a billion inhabitants and the fastest growing population, the African market presents an enormous potential for development opportunities. The push for policymakers to view trade as a powerful driver for growth, regional integration as well as structural transformation is strong, and therefore, the last decades have witnessed a rapid shift towards sub-regional and regional preferential trade agreements in order to boost the economies on the continent. The Regional Economic Communities (RECs) have so far played a fundamental role in curtailing trade barriers and fostering free trade areas (FTAs). Within a REC special trade arrangements range from duty free, quota free market access and zero-tariff rates between members to common external trade policy (e.g. Southern African Customs Union).

More importantly, the recent policy focus builds on the already existing FTAs in order to create a large internal market, which could benefit from economies of scale and put African producers in a position to compete globally. The most prominent and ambitious undertaking in that endeavour is the African Continental Free Trade Area (CFTA), expected to be launched in 2017. It is expected that the area will form a single market for goods and services encompassing all 54 members of the African Union with a combined GDP of over USD 3 trillion¹. The establishment of a continental Customs Union by 2022 and an African Economic Community by 2028 are the milestones set up by the Abuja Treaty on the path to the African integration.

One of the biggest milestones towards Africa's regional integration was the conclusion of negotiations for the Tripartite Free Trade Area (TFTA) in the three RECs, whose official launch took place 10 June 2015 in Sharm El Sheikh, Egypt, and crowned the long process of discussions that started in June 2011. The TFTA endeavours to facilitate free trade among the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern Africa Development Community (SADC). These three RECs include 26 member States accounting for nearly a half of Africa's population and a total Gross Domestic Product (GDP) of roughly USD 1.3 trillion². Tariff liberalization with its potential to bolster the trade relations is at the forefront of the TFTA member States' efforts. This is complemented by provisions on sanctioning non-tariff barriers, rules of origin, trade remedies, dispute settlement, elimination of quotas, customs cooperation, trade facilitation and others. Phase II of negotiations – related to trade in services and other trade matters - has been delayed pending the conclusion of talks on some outstanding Phase I issues; yet, as of October 2016, eighteen out of 26 countries³ signed the TFTA agreement, which augurs well for future advancement of the initiative.

Thus, the TFTA, once implemented, is likely to have multi-faceted ramifications to the countries involved. According to the TFTA Declaration signed in Sharm El Sheikh, the agreement undertakes “*the developmental integration approach built on the three pillars of industrial development, infrastructure development and market integration*”. Without a doubt, this potentially portends expanded investment in trade-related and transport infrastructure, improved

¹ Data for 2014. Available from: www.ictsd.org/bridges-news/bridges-africa/news/launch-of-the-continental-free-trade-area-new-prospects-for-african

² Data for 2014. Available from: http://www.comesa.int/comesa-eac-sadc-tripartite-launched__trashed/

³ Angola, Burundi, Comoros, DRC, Djibouti, Egypt, Kenya, Libya, Malawi, Namibia, Rwanda, Seychelles, Sudan, Tanzania, Uganda, Swaziland, Zambia and Zimbabwe.

connectivity and production linkages in regional value chains and enhanced backward integration into global value chains. What is more, removing tariff and non-tariff barriers could have spinoffs to various sectors, creating a multiplier effect and spurring new investments economy-wide.

This notwithstanding, some critics question even the very fact whether the existence of the COMESA-EAC-SADC FTA is realistic. They claim the RECs are often slow to make progress and in reality, exhibit low levels of intra-regional trade. Furthermore, although member States often display sound political will they often fail to implement the required common actions. Reasons such as language barriers have sometimes been identified as obstacles in the negotiation process. In addition, the TFTA detractors identify diverging interests among partners, increased competition and possible distortionary compensation mechanisms as elements that could impede the successful implementation of the TFTA.

With the aforementioned, the meeting will evaluate the impact of TFTA and the role it can play in deepening the regional integration in the Southern African region, to better inform and advise member States.

2. Objective and Scope of the Meeting

The overall objective of the meeting is to review the role of the TFTA in Southern Africa and identify the opportunities that the TFTA will create. In addition, the meeting will provide recommendations and a way forward in addressing the challenges with regard to implementation of the TFTA milestones in Southern Africa.

Specifically, the meeting will:

- Discuss the mechanisms of the TFTA and the policy implications of membership in the TFTA;
- Review the progress and status of the TFTA negotiations at the national and regional level;
- Assess the role which the TFTA negotiations have played in deepening regional integration in Southern Africa and evaluate the potential role of the TFTA in the future;
- Assess the ratification and implementation of specific TFTA agreements in Southern African member States;
- Analyse the potential opportunities and related threats with respect to the TFTA implementation in Southern Africa;
- Provide recommendations on how Southern African Member States can accelerate implementation of TFTA milestones for optimal benefits and highlight any potential risks and challenges;
- Provide an assessment of how the experience in the TFTA could provide lessons in the initiatives towards the CFTA;
- Proffer concrete national and regional level recommendations and a way forward for fostering the process of the TFTA implementation in Southern Africa; and

- Provide comments on how to improve the report on “*Deepening Regional Integration in Southern Africa: The Role and Prospects of Tripartite Free Trade Area (TFTA)*” that was prepared as a background document for the meeting.

3. Expected outcomes

It is anticipated that the meeting will lead to the following outcomes:

- Enhanced knowledge and public awareness on the progress made in TFTA implementation, and how member States can address challenges; and
- Clarity about the specific stakeholder roles in accelerating the TFTA implementation.

4. Expected outputs

- An outcome statement of meeting reflecting the main observations and recommendations of the experts to be distributed to relevant stakeholders in the region;
- Expert comments to improve the report on “*Deepening Regional Integration in Southern Africa: The Role and Prospects of Tripartite Free Trade Area (TFTA)*”; and
- The meeting’s full report.

5. Format

The meeting will take the form of plenary sessions in which the background report will be presented. Some invited experts will make short presentations on various aspects of the subject matter. Break-away sessions will discuss further the specific areas with a view to coming up with well-informed recommendations.

6. Participants

Invitees to the meeting will be leading experts in the areas of trade, regional integration, and private enterprise/business. Invitees will also comprise high level representatives of the academia, government, regional economic commissions, national and regional financial institutions, development partners, and civil society.

7. Dates and Venue

The AEGM on “*Deepening Regional Integration in Southern Africa: The Role, Prospects and Progress of the Tripartite Free Trade Area (TFTA)*” will be held during 23-24 October 2017 in Bulawayo, Zimbabwe. The Government of the Republic of Zimbabwe has offered to host the meeting and has made available the Holiday Inn, Bulawayo, Zimbabwe.

8. General Information

A comprehensive Information Note for participants will be e-mailed prior to the meeting and will also be posted on the ECA website. The Note will contain useful information on organisational logistics, travelling and immigration arrangements and formalities, visa and health requirements, hotel accommodation and other general information on the hosting country.

9. Contacts

Enquiries and queries on the meetings and any related aspects should be addressed to the following officials:

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