



**TRADE POLICY OPTIONS FOR
EASTERN AND SOUTHERN
AFRICA**

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- Regional integration: a strategic policy objective for Africa / EPAs
- A recognition that EPAs should not determine the future of regional integration in Eastern and Southern Africa but should fit into and be supportive of the process
- In view of the above, what are the trade policy options facing Eastern and Southern Africa?

- Lack of a clear and credible regional integration strategy (issuing of declarations not informed by national policy priorities/ bottom-up approaches)
- Implementation problems – why?
- Overlapping membership – undermines progress
- Critical decision making required, if regional integration is to succeed

- Four schemes exist:
 - SACU : New Agreement / global outlook / regional integration?
 - SADC: FTA (2008/2012), CU (2010)
 - COMESA : FTA (not completed), CU (2004/2008)
 - EAC: CU (2005)..../ regional integration?

- Some facts:
 - Membership in more than one customs union is technically impossible
 - Countries will need to take a decision as to whether to be in a COMESA or SADC or EAC customs union (eventually)
 - CUs require a common external tariff (CET), a mechanism to share the customs revenue and agreeing on a common trade policy
 - CUs among countries at different level of industrialization and with different additional trade arrangements very difficult to set up

- Countries need to take informed decisions on multiple memberships both with a view to deeper regional integration (future CUs) and to EPA negotiations
- The choices are essentially between deeper and faster economic integration on the basis of the existing CUs acting as fast-track RECs or a larger but shallower integration project for the region
- Considering the larger continental integration ambitions (AEC), it is no more politically incorrect not to belong to all RECs (demystification of political sensitivities)

- “Status Quo” and larger integration option
- “Variable Geometry” or “SACU+ and EAC+ Option”
- “Leap Forward” Option”
- The challenge is to fit EPAs into these options

- SACU and EAC remain fast-tracking groups, and only comprise of their current members
- SADC and COMESA to concentrate on effective implementation of the FTAs

- Enlarged SACU and EAC based on countries that are ready to do so (costs and benefits)
- Countries not participating in the CUs remain members of the SADC and/or COMESA FTAs

- SADC and COMESA both become fully fledged CUs, and will merge with the current SACU and EAC respectively
- All countries take a decision regarding their membership in either the SADC or COMESA CU
- This means not using the existing CUs as ‘building blocks’, but doing all negotiations required to establish CUs (a very difficult process)

- EPA configurations are riddled with complexities because all of them are not customs unions
- The general framework of EPA (RoO, SPS/TBT, development, etc.) can be the same for all countries
- The problem is market access - tariff phase-down schedules can only be negotiated individually with the EC, in the absence of customs unions
- Those CUs that are in place such as SACU and the EAC can negotiate their own tariff phase-down schedules – this promotes regional integration, and even more so if ‘variable geometry’ option is adopted as a regional integration strategy in Eastern and Southern Africa

- A rational regional integration strategy that solves the problem of overlapping memberships is a prerequisite for effective economic integration process in Eastern and Southern Africa
- Variable geometry option – is preferred as the most efficient and fast-tracking strategy for regional integration
- EPAs to support this process by strengthening existing CUs (through EPA configurations) while supporting the move towards deeper regional integration based on variable geometry
- This means EPAs may lower its ambitious regional integration approach and recognize that this is rather a long-term process

**WHICH WAY EPAs and REGIONAL
INTEGRATION IN EASTERN AND SOUTHERN
AFRICA?**