

TRADE MATTERS: Southern and Eastern Africa

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- ▶ Overview: Big Picture Issues
 - WTO Matters and Implications for RTAs
 - A New Trade Agenda?

- ▶ Regional Focus: African Regional Integration Paradigm?
 - Key Issues for Southern and Eastern Africa

- ▶ SACU, SADC.COMESA, EAC.... - overlapping membership and ambitious agendas

- ▶ Extra-regional agenda (RTA track) – EPAs, other negotiations, AGOA

- ▶ Conclusions



The Big Picture

- ▶ International Market Developments (industrial reconfiguration, trade-I links, S-S dynamics, S-N trade and investment...)

- ▶ Multilateral Rules-based System Developments
 - Regionalism within the WTO Context (compatibility issues: art XXIV GATT, art 5 GATS, Enabling Clause)
 - Suspension of the Doha Round negotiations: what does this mean for Regionalism? Further proliferation of RTAs?
 - The NEW Trade Agenda – beyond preferences.....

- ▶ The African Integration Agenda
 - African Union integration plan (recognition of some RECs)
 - A new wave of African integration?

- ▶ Intra-regional Developments: SADC, SACU, COMESA, EAC...

- ▶ External Relations
 - EPA Negotiations
 - AGOA
 - Other developments



Key Regional Integration Issues (1)



- ▶ Regional Integration Paradigm – from the linear textbook model (trade-in-goods focused model) – note that SACU nor the EAC have followed this linear progression
- ▶ Nature of integration (what will an integrated SADC look like?) – Enhancement of competitiveness...
- ▶ From a strategic plan to IMPLEMENTATION (monitoring and ensuring compliance)
- ▶ AU Integration Plan (recognising RECs)



Key Regional Integration Issues (2)



Economic Reality Check

- ▶ Trade Performance (Intra-vs Extra-regional)
- ▶ Patterns of industrialisation (influences, polarisation?)
- ▶ Transaction costs of doing business
- ▶ Status of regulatory reform (re services sectors)
- ▶ Macroeconomic convergence

- ▶ Membership Choices – reconfiguring the region
- ▶ Challenges of overlapping membership

- ▶ Cost/Benefits of moving from an FTA to a Customs Union



- ▶ SADC's Integration Agenda: broad scope (beyond trade to peace, security...infrastructure development and more) while SACU's agenda is trade focused
- ▶ Deepening regional integration: from FTA to customs union (What are the imperatives? Costs –benefits?) Yet, this is the African Integration Paradigm
- ▶ SACU within SADC
 - SACU's achieved a deeper level of trade integration (CET), now common policy development
 - Compare with COMESA (FTA, EAC – inc Tanzania)



- SACU as the core of SADC (delineating agendas), what about COMESA/SADC overlap (and then Swaziland)? Choices by member states between SADC and COMESA?
- SACU is not recognised in the AU Integration Plan (SADC is) – does this matter?
- Implementation of the SADC Trade Protocol (SACU on target...)



Brief Overview of Integration Targets



RISDP

- ▶ Free Trade Area (2008)
- ▶ Customs Union (2010)
- ▶ Common Market (2015), and
- ▶ Integration of SADC into the Global Economy (2020)
- ▶ Enhancement of SADC economic competitiveness (2015)
- ▶ Diversification of production structure and exports (2015)

- ▶ Trade Protocol: Objective to establish a FREE TRADE AREA

Member states' targets:

- ▶ Monetary Union: 2016
- ▶ Single currency with a common central bank by 2018

Political Integration Agenda: SIPO (to create a peaceful and stable political and security environment – enabling instrument)



Key Regional Integration Issues (3)



Key External Issues

- ▶ Economic Partnership Agreements (EPAs) – implications for regional integration?
- ▶ TDCA Review – South Africa in the region
- ▶ Other RTAs
- ▶ Global Integration (Suspension of Doha Round?)

