Common Market for
Eastern and Southern Africa

Another Boost to Regional Integration –
As the Tripartite Free Trade Area Beckons

Policy Brief

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The COMESA-EAC-SADC[1] Regional Economic Communities (RECs) are poised to join the world of international trade as a Tripartite Free Trade area (TFTA) soon as ratifications now stand at 11 of the required thresholds of 14. Their Ministerial and Council Meetings now set for the last Quarter of 2022, triggers great optimism that this threshold will now be attained.

The Tripartite comprises 29 countries and combined GDP of approximately US$ 1.555 trillion (WDI 2021). The planned meetings are; the Ninth Meeting of the Tripartite Sectoral Ministerial Committee on Trade, Finance, Customs, Economic Matters and Home/Internal Affairs and the Fifth Meeting of the Tripartite Council of Ministers. They will consider the adoption of completed Annexes and legal instruments in readiness to operationalize the TFTA immediately the ratifications have been achieved. The Annexes cover the following; the elimination of import duties, trade remedies, non-tariff barriers, rules of origin, customs cooperation, trade facilitation, transit trade and transit facilitation, technical barriers to trade, sanitary and sanitary measures, and dispute settlement mechanism.

To ease the movement of trade in goods and services, the Tripartite Council will also adopt the Tripartite Agreement on Movement of Businesspersons.

With more than 50 percent of the members in the continental configuration, the Tripartite Free Trade Area, forms a critical building block to the successful operationalisation of the African Continental Free Trade area (AfCFTA). TFTA aims at achieving deeper integration of the economies of their Member/Partner States by reducing the existing obstacles to intra REC trade and to address other challenging issues resulting from dual or overlapping membership.

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The Declaration Launching Negotiations for the Establishment of the Tripartite Free Trade Area was held on 12 June 2011. It got a boost in June 2015 in Sharm El Sheikh, Egypt, when 26 Heads of States or their plenipotentiaries signed the Declaration Launching the COMESA-EAC-SADC Tripartite Free Trade Area and opened the agreement for signing and ratification by the Member/ Partner States. Since the launch, 22 out of the 29 Member/Partner States have signed the Agreement with 11 States ratifying the Agreement.

The TFTA is based on three pillars: Market integration, Infrastructure development, and Industrial development. Tremendous progress has been achieved under the market integration pillar with several programmes developed

1 Common Market for Eastern and Southern Africa, East African Community and Southern Africa Development Community

to build capacity, facilitate trade, and prepare readiness for the TFTA implementation. Notable among these include the development of the Tripartite e-Certificate of Origin, Customs declaration documents, Sanitary and Phytosanitary Standards (SPS) instruments for streamlining border inspection, Non-Tariff Barriers (NTBs) reporting, monitoring, and reporting mechanism with a fully operational NTBs online database system, implementation of the WTO Trade Facilitation Agreement, One-Stop Border Posts (OSBPs), Integrated Border Management Systems (IBM), the Regional Customs Bond, the World Customs Organization (WCO) Harmonized System (HS), the World Trade Organization (WTO) Agreement on Customs Valuation, Single window, Approved Economic Operator programmes and electronic customs management systems

Tariff Offers

Regarding exchange of tariff offers, the Southern Africa Customs Union (SACU) and EAC both of which are Customs Unions, have exchanged offers that average 90 percent of their tariff books to be liberalized immediately the implementation of the Tripartite Agreement starts. Several other Tripartite Member/Partner States have based their tariff offers on the *acqui*, indicating that they have carried over the level of tariff liberalization they have attained under the various FTAs in the specific RECs to which they belong. For example, those in COMESA and SADC such as Madagascar, Mauritius, Malawi, Seychelles, Zimbabwe, Zambia, that have attained highest level of tariff liberalization would extend similar level of ambition in the TFTA.

Further, several Tripartite Member/Partner States have exchanged tariff offers. Two Customs Unions; the EAC and SACU have concluded the first phase of negotiations on tariff offers. Negotiations between Egypt and SACU and EAC have been initiated and at advanced stages. Notably, 90 percent of the TFTA list of Rules of Origin have been agreed and already contained in Annex IV of the TFTA Agreement. So far, only two issues regarding the rules of origin of some products of the textiles and automobiles sectors are about to be approved, while the draft Protocol on Competition Policy has been agreed upon by the relevant technical working group (TWG). In addition, the modalities for conducting negotiations on trade in services are being developed and necessary preparatory work is being done to pave way for actual negotiations.

Under the Infrastructure Development Pillar, significant progress has been realized in negotiating transport and trade facilitation within the Tripartite region such as the *Tripartite Guidelines for Safe Cross Border Movement of Persons and Personal Goods during the Covid-19 Pandemic.* Besides, up to seven legal instruments covering vehicle load, traffic and cross-border transport have been concluded. Likewise, the Industrial Development pillar, negotiations are underway to establish a Tripartite Industrial Development Coordination Unit in each REC, as well as development of Tripartite Agro-processing value chain and establishment of Trade Logistics Hubs.

Benefits of the TFTA

All these developments condense to benefits that will accrue when TFTA comes into force, key among them: the comparative advantage to Member/Partner States in the TFTA that have narrow production bases, exporting only a few primary commodities; expansion of value chains beyond borders to increase forward and backward linkages and integrating regional value chains by adopting common policy to exploitation and processing of regional commodities; improvements in trading conditions, industrial outputs, input sourcing and markets connectivity through regional harmonization and combined efforts to market integration; industrial and infrastructure development, building on gains (acquis) from the RECs where great achievements in liberalizing trade and movement of businesspersons has been achieved and cascading the gains to a larger market.

Others benefits include: increased trade in goods and services, improved consumer welfare and production competitiveness resulting from harmonized standards, conformity assessment procedures and technical regulations**;** increased investments in the region as a result of fair and competitive markets, spur industrialization and growth because of predictable trade rules of origin**;** standardized trade and customs documentation; reduction in cost of doing business and ease of movement of goods and enhanced trade flow in the region through reduction of NTBs**;** and enlargement of duty-free access to markets through preferential treatment, leading to intra-regional trade expansion.

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