



United Nations Economic Commission for Africa

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Keynote Address
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Friends, distinguished delegates, ladies and gentlemen

Let me begin by sincerely thanking the leadership of the COMESA Secretariat for requesting me to deliver the keynote address at this Seventh COMESA Annual Research Forum. It is, for me, a big honour and a re-affirmation of the longstanding collaborative relationship between COMESA and the ECA.

The COMESA Annual Research Forum is a commendable initiative as it recognizes and seeks to strengthen research capacities. It also appreciates the relationship between knowledge production; and policy formulation and implementation. By investing in capacitating researchers and enabling their interaction with decision-makers the forum enhances the quality of research outputs. It also facilitates the uptake of research findings and recommendations towards moving forward the COMESA's and Africa's integration agenda.

ECA as a think tank, and with our mission of translating ideas into action, is very pleased to be associated with this Forum. We would want to encourage other RECs that are yet to establish such platforms to consider doing so.

The theme of this year's forum, "Harnessing Intra-COMESA Trade through the Interface with the African Continental Free Trade Area (AfCFTA)," is timely. Although the constraints brought about by COVID-19 have robbed us of the opportunity of meeting physically, I am confident that we would still be able to have very engaging and robust exchanges.

I have no doubt this meeting will live up to the reputation that the COMESA Annual Research Forum has established over the years. It is now known as a platform for strategic reflection, incubation of ideas and production of actionable policy propositions on diverse issues of trade and regional integration.

Undeniably, the advent of the AfCFTA and how it relates with the trade integration agendas of RECs is underpinned by diverse issues, opportunities and challenges. These will need to be properly engaged, including through research and analyses. This would deepen understanding of the AfCFTA and RECs level integration agreements. It would also facilitate their effective implementation. These considerations give added impetus to this forum.



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Distinguished Delegates, ladies and gentlemen,

Permit me to refresh our minds on the huge promise that the AfCFTA holds for our beloved continent, its member states and its people.

When fully implemented, the AfCFTA will consolidate African markets into a single market of more than 1.2 billion people and a GDP of over USD2.5 trillion. This will in the first instance be through elimination of tariffs and non-tariff barriers; and liberalization of services trade. This offers tremendous possibilities for businesses across the continent, while expanding tax base for governments as a result of expanded or new businesses' opportunities.

Few concrete benefits from an effective AfCFTA implementation include:

- African businesses, traders and consumers will no longer pay tariffs on a large variety of 'made in Africa' goods traded among African countries;
- Traders constrained by non-tariff barriers, including overly burdensome customs procedures or excessive paperwork, will have a mechanism through which to seek the removal of such burdens;
- Cooperation between customs authorities over product standards and regulations, as well as trade transit and facilitation, will make it easier for goods to flow between Africa's borders.
- Through the progressive liberalization of services, service suppliers will have access to the markets of all African countries on terms no less favourable than domestic suppliers.
- Mutual recognition of standards, licensing and certification of service suppliers will make it easier for businesses and individuals to satisfy the regulatory requirements of operating in each other's markets;
- African SMEs, largely owned by women entrepreneurs entrenched at present in the informal sector will be able to enjoy benefits of formalization;

According to recent estimates by ECA, by 2040 the AfCFTA could increase the annual value of agricultural and food exports by US\$16.8 billion, energy and mining exports by US\$9 billion, and industrial exports by US\$43.3 billion.

Largest percentage increases, that is over 25% in intra-African exports for industrial sectors are found in textile, wearing apparel, leather, wood and paper, vehicle and transport, agro-foods such as milk and dairy products, sugar, beverages, vegetables, fruit, nuts and rice. These are products or segments of value chains in which COMESA countries have comparative and competitive advantages at regional/continental levels. Therefore, the AfCFTA provides COMESA countries opportunities to (re)-position themselves on critical nodes of regional value chains for both goods and services.

Excellencies, we all recognize that the AfCFTA is an addition to existing RECs FTAs



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The AfCFTA has been added to an African integration landscape, which already has many pre-existing trade and integration platforms, mechanisms and norms. Especially those that have been developed by the RECs. And for the most part, the RECs have played a pivotal role in the establishment of the African Economic Community (of which the AfCFTA is a critical phase).

We also know that this is as envisioned in the Abuja Treaty and other continental and regional instruments. It is therefore fair to say that the successful implementation of the AfCFTA would depend, in no small measure, on how smoothly or otherwise, it is interfaced with pre-existing RECs FTAs and related instruments.

As we know now, the AfCFTA legal instruments seek to entrench rules-based governance, certainty and predictability for trading and investing across Africa. As a matter of fact, one of the main objectives of the AfCFTA is to accelerate regional and continental integration through the consolidation of the multiple and overlapping trading regimes, embodied in pre-existing RECs FTAs, such as the COMESA.

However, as law scholars have already argued, some wordings in the AfCFTA Agreement suggest that this relationship is likely to be more complex. And although this is not what was originally imagined, it now needs to be properly analysed and understood.

Two articles of the AfCFTA (Articles 5 and 19) speak to and are intended to help navigate the complexity of the relationship between the AfCFTA and pre-existing intra-African trade instruments, including RECs FTAs. Article 5 for example, does not only recognize 'RECs' Free Trade Areas as building blocs for the AfCFTA. It also points to the need to leverage RECs best practices for the implementation of the AfCFTA.

On its part, Article 19 of the Agreement stipulates that in cases of inconsistency or incompatibility, the AfCFTA is to prevail over the other trade instruments. However, the same Article 19 makes an important qualifier, when it states further that, RECs which have achieved among themselves higher levels of regional integration, are to retain their levels of deeper integration.

Some RECs, individually or collectively, have made great strides in some dimensions of integration, way ahead of what is currently envisioned in the AfCFTA. The ECA's *Assessing Regional Integration in Africa (ARIA IX, Chapter II)* of 2019 notes that the four African Union-recognized RECs that have FTAs have achieved higher levels of integration than the AfCFTA at the time of its entry into force.

ARIA IX further notes that EAC and ECOWAS have customs unions with fully liberalized trade within the communities. COMESA has also achieved a fully liberalized FTA (though not all members have acceded). We also know that SADC has an FTA with some exclusions from liberalization.

By safeguarding the achievements (*acquis*) of RECs, the AfCFTA, at least in the short run, allows for some level of flexibility on the path towards the actualisation of one of its primary objectives.



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That is to fully consolidate Africa's fragmented markets into a single regime. As ECA's ARIA IX (2019) puts it, the AfCFTA Agreement allows for the co-existence of a web of connected, yet distinct, trade regimes – which would be consolidated at some later stage.

The latitude allowed RECs trade regimes to co-exist with the AfCFTA in the interim and the imperative to subsequently have them consolidated requires some careful and thoughtful management – backed by evidence based research. This forum should contribute towards this goal and you may want to know that ECA is also working towards this end and is finalising a detailed evidence based study on the theme: “Governing the interface between the AfCFTA and RECs FTAs: Issues, challenges and opportunities”.

Excellencies, Distinguished delegates, Ladies and Gentlemen.

As I indicated earlier, the successful implementation of the AfCFTA would depend in part on RECs, both in terms of leveraging RECs achievements and also learning from and avoiding some of the pitfalls and challenges they have faced. With a membership of 21 states, a population of some 560 million people and a combined GDP of USD 769 billion, COMESA is one of Africa's biggest RECs, which has also made significant progress in many areas of integration. It also mirrors many of the realities of the other African RECs, including the fact that some of its members are also members of one or a number of other RECs – SADC, EAC, ECCAS and AMU.

Moreover, COMESA, is one of the champions and member of the EAC/COMESA/SADC Tripartite Free Trade Area. The Tripartite establishment represented an historic inter-RECs level effort to begin to address some of the inefficiencies caused by Africa's fragmented markets and multiple membership of RECs by African countries.

Although the ratification of the Tripartite FTA has not progressed as rapidly as originally envisaged, it remains a commendable effort at RECs consolidation upon which the AfCFTA could and should build. Similarly, the COMESA, EAC and SADC Tripartite could and should draw lessons from the AfCFTA, especially with regard to the strategies that were used to facilitate its rapid ratification and coming into force.

COMESA is unquestionably an excellent test case for the interface between RECs and the AfCFTA – including in making their agendas more mutually reinforcing. For example, in the area of progress in trade integration, COMESA, alongside SADC, do have FTAs covering a higher percentage of tariff lines than those included in the AfCFTA. There is a recognition that unless negotiators decide to have an exclusion list of zero, or the modalities are reviewed to drop the exclusion list, the COMESA FTA will continue to engender greater integration than the AfCFTA. This therefore is a practical area for application of Article 19 of the AfCFTA on the acquis of other trade arrangements vis-à-vis the AfCFTA.

As the UNCTADSTATS, 2015 Report, referenced in the concept note for the call for papers for this forum, indicates, “the growth in intra-COMESA trade remains low compared to the region's trade with the rest of the world both in terms of exports and imports. The intra-COMESA exports only account for 6.4 percent of region's total exports compared to about 20 percent for East African



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Community (EAC) and 62 percent for the EU.” It is envisaged that a fully operational AfCFTA would among others: herald greater policy convergence, certainty and predictability; simplify rules across the different African trade regimes; as well as put in place mechanisms that would address the removal of non-tariff barriers and enhance trade facilitation. Importantly also, the larger market space of the AfCFTA would serve as incentive for investors, as well as facilitate the transfer of technologies, promote industrialization and the enhancement of productivity. The cumulative effects of these, it is hoped, would be the boosting, not only of inter-REC trade, but more importantly, intra-REC trade, including among COMESA member states.

Excellencies, Ladies and Gentlemen

The AfCFTA-COMESA interface, if properly managed, would generate a range of win-win outcomes for various stakeholders in Africa’s integration agenda. For the AfCFTA, COMESA is a critical and important building bloc, with progress in important areas of integration that the AfCFTA can lean on. This also includes phase II issues, especially the COMESA Investment Area, COMESA Competition Policy, COMESA’s progress on the issue of Intellectual Property Rights, and the COMESA Digital FTA. The AfCFTA can also benefit from COMESA’s experience in building trade supporting institutions, such as in the areas of trade finance, trade insurance, regional payment systems, and in the context of simplified trade regimes.

For the EAC/COMESA/SADC Tripartite, there are lessons to be learnt from the strategies deployed in bringing about the speedy ratification and coming to force of the AfCFTA. At the same time, despite the AfCFTA ratification and coming to force, there are important political economy factors that have delayed the coming to force of the TFTA, against which the AfCFTA must guard to enhance prospects of its implementation.

Overall, a properly interfaced AfCFTA-COMESA portends higher trade exchanges and greater economic prosperity not just for COMESA member states, but also for the EAC/COMESA/SADC Tripartite member states and the broader African continent.

Let me conclude by reminding us all that there is a multiplicity of intervening enabling and impeding factors (including capacity constraints), which would shape and structure the AfCFTA-REC interface. These have the potential to determine the success or failure of these otherwise transformative integrative initiatives. These factors and forces need to be properly analyzed, understood and engaged - including through research and continuous interaction between researchers and policy makers. This gives added importance and pertinence to the COMESA Annual Research Forum and the appropriateness of the theme of this year.