

PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE & INDUSTRY

COMESA-EAC-SADC TRIPARTITE ENGAGEMENT

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BACKGROUND

- Finds its basis in: Abuja Treaty (establishing the African Economic Community), and Lagos Plan of Action for the economic development of Africa
- Three economic communities, 26 countries:
 - Common Market of Eastern & Southern Africa (COMESA);
 - East African Community (EAC); and
 - Southern African Development Community (SADC)
- GDP: US\$1.2 trillion; population: 626 million people



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STRUCTURE OF THE ENGAGEMENT

- The Tripartite initiative follows the developmental integration approach. It is structured not merely as a market integration/trade liberalization event, but has three pillars:
 - market integration, i.e. the Tripartite free trade area (TFTA);
 - infrastructure development; and
 - industrial development
- On a separate track, the movement of business persons will be addressed



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STATUS: MARKET INTEGRATION

- The negotiations towards the TFTA were launched at the Second Summit in Johannesburg on 11 June 2011
- Phase I: trade in goods; Phase II: trade in service as well as trade-related areas
- Each of the three communities has already achieved considerable market liberalization among their own members
- Negotiations towards the text of the free trade agreement have progressed considerably. The main agreement and 7 annexes have been concluded.



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STATUS: MARKET INTEGRATION

- Existing community agreements will not be re-opened, but will be rolled into the TFTA
- Negotiations therefore only between those members that do not yet have agreements with each other
- No new tariff offers concluded yet
- South Africa, as part of SACU, has exchanged a tariff offer with the EAC and negotiations are underway.
- The SACU tariff offer to Egypt is in the final stages of being concluded.
- SACU will also negotiate with Ethiopia and the other non-SADC members



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STATUS: INDUSTRIAL DEVELOPMENT

- Low level of intra-Africa trade, largely due to low level of industrial development, which severely limits the potential for intra-Africa trade
- The products which are imported by African countries – manufactured goods – are not being manufactured by other African countries
- Industrial development and diversification is essential to enable African countries to trade amongst themselves and so benefit from free trade agreements



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STATUS: INDUSTRIAL DEVELOPMENT

- Tripartite Technical Committee on Industrial Development (TTCID) has prepared the draft Roadmap and Programme of Work on the Industrial Development Pillar as well as the Draft Modalities for Cooperation in Industrial Development
- The modalities would form a framework for cooperation while the work programme/roadmap outlined interventions necessary for enhancing productive capacities in the Tripartite region
- Both the Modalities of Cooperation and the Roadmap require further national consultations



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STATUS: INFRASTRUCTURE DEVELOPMENT

- Done by Tripartite Task Force (i.e. the 3 secretariats)
- Purpose: improving the region's infrastructure so as to improve the efficiency of the internal trade and transport network (road, rail, water and air and including, ICT and energy).
- Progress made: operationalization of the Project Preparatory and Implementation Unit (PPIU) which supports the preparation of bankable infrastructure projects
- Flagship infrastructure and trade facilitation programme: North-South Corridor



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NORTH SOUTH CORRIDOR (NSC)

- Cross-border transit and transport value chain and to address transport constraints in a sequenced and multi-modal way
- Comprises inter-related projects that address: road infrastructure; road transport facilitation; management of railway systems and rail infrastructure; physical and procedural improvements at border crossings; port infrastructure; management of air transport; and energy interconnectors
- The aim is to address both physical and non-physical bottlenecks along the corridor



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NSC cont....

- Durban to Dar Es Salaam, with an eventual extension to Cairo
- 157 projects: 59 road projects, 38 rail projects, and 6 bridge project

Industrial development link:

- The region has endorsed the principle of using the Corridor to promote industrialisation
- This will involve developing regional value chains in the implementation of North-South Corridor projects and encourage local and regional sourcing of inputs required for the development of identified projects

MOVEMENT OF BUSINESS PERSONS (MBP)

- Instrument on Movement Business Persons (MBP) to form part of Tripartite Agreement
 - Agreed by Heads of State at Second Tripartite Summit, June 2011
- Negotiations to be managed and supervised by Tripartite Sectoral Ministerial Committee on Trade, Finance, Customs, Economic Matters and Home/Internal Affairs
- MBP to be negotiated in 1st phase, in a separate Committee and separate track
 - Agreed by Ministers, Bujumbura, October 2014
- Negotiations to be conducted by Tripartite Technical Committee on Movement of Business Persons (TTC-MBP)
 - Established by Tripartite Sectoral Ministerial Committee, June 2013

MBP: INTER-DEPARTMENTAL FRAMEWORK

- Agreement between respective SA Ministers that Department of Home Affairs (DHA) will lead.
- **the dti** and Department of Labour (DoL) to provide technical support to DHA



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MBP: STATUS OF NEGOTIATIONS

- TTC-MBP has had 4 meetings
- Extensive consultations between **the dti**, DHA and DoL
 - Development of SA textual proposals to address concerns in the initial draft text
- In terms of SA implementation, DHA proposed extension of BRICS Visa to Tripartite States
- Two main areas of disagreement persist:
 - Visas on Arrival
 - Guiding Principles

MBP: OUTSTANDING ISSUES FOR SOUTH AFRICA

- Visas on Arrival
 - SA legislation does not provide for the granting of visas on arrival
- Guiding Principles
 - EAC insists on keeping the principles of :
 - Variable Geometry
 - Reciprocity
 - Building on the Acquis
 - However they have failed to explain how these would manifest in the implementation of the Agreement
- Awaiting notification from Secretariat to convene the next meeting

RECENT EVENT: 3RD SUMMIT

- The COMESA-EAC-SADC Free Trade Area was launched at the third Tripartite Summit that took place in Egypt on 10 June 2015.
- The Tripartite Free Trade Agreement has been signed by 16 of the 26 participating countries.
- South African has not yet signed the agreement since the legal scrubbing of the agreement must still be finalised and internal process to get approval for signature must then be followed.
- The three outstanding annexes to the agreement constitute a built-in agenda:
 - Annex 1 on tariff commitment schedules
 - Annex 2 on Trade Remedies
 - Annex 4 on Rules of Origin
- There is an indicative time frame of 12 months to finalise the outstanding work on the above three annexes.



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WAY FORWARD AFTER THE SUMMIT

- Indicative schedule of negotiations on outstanding work of Phase I, commencement of Phase II negotiations, Industrial Development, Movement of Business Persons; and Post Signature Implementation Roadmap
- The key focal areas of the TFTA Post Signature Implementation Road Map are the following:
 - Finalization of negotiations on outstanding areas of the TFTA agreement
 - Designation and Notification of TFTA Focal Points
 - Ratification of the TFTA Agreement
 - Depository of the Instruments of Ratification
 - Commencement of implementation of the TFTA Agreement
 - Notification to the World Trade Organization



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THANK YOU

Questions?



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