Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

32

COMESA

A case study

B. Seetanah, R. V. Sannassee and S. Fauzel

Introduction

The last three decades have witnessed a proliferation of regional initiatives which have come about in view of the slow progress achieved at the level of the World Trade Organization (WTO), particularly after the debacle of the Doha Round. The underlying motives for an increased willingness to become a member of a regional bloc reside in the various benefits which potentially could be unlocked including trade creation, the provision of a platform from which to tackle regional issues and increasing bargaining power for individual member countries since negotiations at WTO level are usually done through a regional trading bloc.

The situation is no different in the case of African countries. There have been a number of initiatives by member countries towards promulgating regional trade agreements (RTAs) with a view to fast-tracking trade liberalization measures to foster increased trade both within the regional groupings and also with non-members. However, despite their best intentions and despite the implementation of numerous trade liberalization measures in member countries, the expected benefits from such groupings have yet to materialize in the case of African RTAs. There are many reasons for this including elements of multiple membership, similarities in countries' exports and the non-negligible detrimental impact of non-tariff measures.

In view of the above, the aim of this chapter is to provide a descriptive analysis of one of Africa's most important RTAs, namely the Common Market for Eastern and Southern Africa (COMESA) through a review of its performance since its inception and a discussion of the impact of the establishment of the continental free trade area (FTA) on its probable future performance.

The background to COMESA

COMESA was established in December 1994 and replaced the former Preferential Trade Area for Eastern and Southern African States which came into existence in 1981. Interestingly, COMESA was the first FTA to be launched in Africa on 31 October 2000 under the African Union. In addition, nine of its member states, namely Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe, eliminated their tariffs for products originating in

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

COMESA, in line with the tariff reduction schedule implemented in 1992. In January 2004 Burundi and Rwanda joined the FTA. As such, these 11 member states not only eliminated customs tariffs but also engaged in the eventual elimination of quantitative restrictions and other non-tariff barriers. The FTA comprises 13 member states trading on a full duty-free and quota-free basis, with the remaining countries at various stages of joining the FTA. This is shown in Table 32.1:

Table 32.1

COMESA FTA member states	*COMESA non-FTA member states*
Burundi, Comoros, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Uganda, Zambia, Zimbabwe	Democratic Republic of the Congo (DCR), Eritrea, Ethiopia, Sudan, Swaziland

Overall, COMESA comprises 19 member countries, namely Burundi, Comoros, DCR, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Unfortunately, however, COMESA also suffers from the issue of overlapping membership with seven countries and four COMESA members being also members of the Southern African Development Community (SADC) (the DRC, Malawi, Mauritius, Seychelles, Swaziland, Zambia and Zimbabwe) and of the East African Community (EAC) (Burundi, Kenya, Rwanda and Uganda), respectively.

Objectives of COMESA

The main goal behind the agreement was to promote economic prosperity through regional integration.

According to Article 3 of the COMESA Treaty,[1] the aims and objectives of the common market are as follows:

a to attain sustainable growth and development of the member states by promoting a more balanced and harmonious development of its production and marketing structures;
b to promote joint development in all fields of economic activity and the joint adoption of macroeconomic policies and programmes in order to raise the standard of living of its peoples and to foster closer relations among its member states;
c to cooperate in the creation of an enabling environment for foreign, cross-border and domestic investment including the joint promotion of research and adaptation of science and technology in prospective developments;
d to cooperate in the promotion of peace, security and stability among the member states in order to enhance economic development in the region;
e to cooperate in strengthening the relations between the common market and the rest of the world and the adoption of common positions in international fora; and
f to contribute towards the establishment, progress and the realization of the objectives of the African Economic Community.

These objectives point to a number of prerequisites. First, the treaty stresses the need for the adoption of a common customs bond guarantee scheme, the simplification and harmonization of trade documents and procedures, the establishment of conditions regulating the re-export of goods from third countries within the common market, and the introduction of rules of origin with respect to products originating in the member states. Moreover, the treaty also promulgates cooperation among countries in terms of transport and communications which would serve to facilitate trade among member states as well as the movement of persons. Moreover, appropriate regulations have been put in place to facilitate transit within the common market as well as the adoption of a Third Party Motor Vehicle Insurance Scheme.

Another specific undertaking of the treaty was in the field of industry and energy. The treaty stresses the need to eliminate rigidities in the structures of production and manufacturing so as to provide goods and services that are of high quality and are competitive in the common market. Moreover, the provision of an appropriate enabling environment for the participation of the private sector in economic development and cooperation within the common market was also highlighted. There was also the need to cooperate in the field of industrial development; to adopt common standards, measurement systems and quality assurance practices in respect of goods produced and traded within the common market; and to provide an enabling stable and secure investment climate.

Furthermore, cooperation in monetary and financial matters and gradually establishing convertibility of the member states' currencies was necessary, as was the need for the harmonization of member countries' macroeconomic policies. In the agricultural sector, the treaty emphasized the need for cooperation among the member states to develop this sector and on the need to adopt a common agricultural policy. Moreover, the coordination of the member countries' policies was also deemed crucial with respect to the establishment of agro-industries.

The treaty also emphasized the need to harmonize the methodology of collection, processing and analysis of information required to meet the objectives of the common market. Furthermore, the adoption of a regional policy that would address the economic problems that member states might face during the implementation of this treaty and propose ways and means of redressing such problems in a manner that would satisfy the conditions of equitable and balanced development within the common market was also included.

The future agenda of COMESA includes negotiating an agreement on trade in services, the establishment of a common market by 2015, the formation of a monetary union by 2018 and the launch of a COMESA community by 2025. After 2025 COMESA expects to be a single trade and investment area with no internal tariffs, non-tariff and other impediments to the movement of goods, services, capital and people.[2] COMESA is also actively engaged in the formation of a COMESA-EAC-SADC tripartite free trade area to promote regional trade involving 26 countries covering nearly half of the continent. This is motivated by the current overlap of membership among COMESA, SADC and the EAC. Of the 19 members of COMESA, seven are members of SADC and four are members of the EAC.

Economic performance of COMESA member countries

COMESA comprises countries of widely varying size ranging from very small island economies to very large nations. In addition, it also includes countries at different levels of industrialization including 12 least developing economies and seven middle-income countries. Per caput GDP (on a purchasing-power parity (PPP) basis) varies from US $777.96 for Burundi to $28,391.33 for Seychelles. A closer look at Table 32.2 shows considerable variations in the average GDP growth rate for member countries between 2005 and 2016. For instance, we can see that countries such as Burundi, Comoros, Eritrea and Libya have registered negative growth rates while other nations have experienced relatively smaller growth rates (less than 2 per cent),

Table 32.2 Average GDP growth rate for member countries between 2005 and 2016

Country	*GDP per caput, PPP 2016*	*GDP growth rates 2005–16 average*	*Economic classification*	*Trade, % of GDP, 2015*
Burundi	777.96	–0.14	L-LDC	35.7826689
Congo, Dem. Rep.	800.75	1.98	LDC	70.1296184
Comoros	1522.26	–0.22	LDC	62.6
Djibouti	2,631*	2.06	LDC	77.126051*
Egypt, Arab Rep.	11131.72	1.68	MIC	34.845943
Eritrea	1,451*	–0.40	LDC	33.8598276*
Ethiopia	1734.92	5.32	L-LDC	39.6561241
Kenya	3155.94	1.83	MIC	44.3775451
Libya	21,152*	–2.28	MIC	103.223082*
Madagascar	1506.01	0.15	LDC	78.9451151
Mauritius	21087.75	2.76	MIC	107.94581
Malawi	1169.31	1.56	L-LDC	65.1594143
Rwanda	1913.40	3.69	L-LDC	49.3451981
Sudan	4730.29	3.20	LDC	19.1008041
Swaziland	8342.71	1.12	MIC	96.9501632
Seychelles	28391.33	2.90	MIC	185.736169*
Uganda	1848.79	2.09	L-LDC	45.9296362
Zambia	3922.34	2.56	L-LDC	84.3155592
Zimbabwe	2006.37	0.57	MIC	60.2060235

Source: Author computation; data from world development indicators (WDI)

L-LDC, LDC and MIC refer to landlocked least developed country, least developed country and middle-income country, respectively.

namely the DCR, Egypt, Kenya, Madagascar, Swaziland and Zimbabwe. Meanwhile, a third category of member countries (Djibouti, Ethiopia, Mauritius, Rwanda, Sudan, Seychelles, Uganda and Zambia) have posted higher than average GDP growth rates.

Although these figures point to highly skewed growth rates among the member nations, nonetheless one can contend that the third group has been resilient in the face of the global economic downturn, despite the many challenges faced by them, and this may be due to improved macroeconomic management, market-based reforms and continued structural progress in many of these countries.[3]

In 2015 the overall GDP growth for the COMESA region was 6.0 per cent, with region-wide inflation increasing marginally from 6.0 per cent in 2014 to 6.8 per cent in 2015. Interestingly, however, it should be noted that lower global oil prices and the continuing decrease in food prices as well as prudent monetary policies have contributed to single-digit inflation in most member countries.

Share of value added to GDP, 2016

Figure 32.1 delineates the share in 2016 of value-added for industry in the various countries. Figure 32.1 clearly highlights the prominence of both the service and the agricultural sectors,

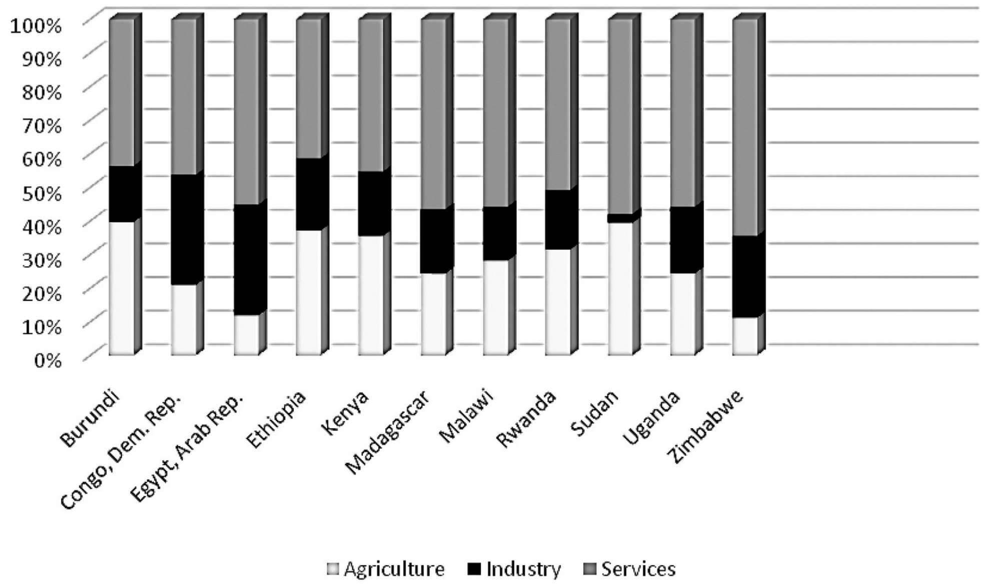

Figure 32.1 Share of value added to GDP, 2016
Source: Author computation with data obtained from world development indicators

albeit that the latter displays lesser importance than the former. Undoubtedly, ensuring that discussions and positive outcomes result from any potential agreement on trade in services between member countries would be fundamental for the region to produce any trade creation benefits.

COMESA external trade

The figures shown in Table 32.3 demonstrate that trade between COMESA member states and the rest of the world increased from US $240 billion in 2011 to $233 billion in 2016, although external trade decreased in 2015 to $255 billion. Total exports for 2016 amounted to approximately $68.8 billion which represented a sharp contraction from the record high figure of $116 billion which was registered in 2012. The clear trend of declining export figures may be due to the very sharp fall in world commodity prices which has taken place over the last few years. Imports, on the other hand, have remained steady with figures approximating $165 billion in 2016.

Intra-COMESA trade

Table 32.4 shows that, with regard to intra-COMESA export trade, Egypt and Kenya recorded the highest figures in 2015, with a share of 22 per cent and 17 per cent, respectively. Zambia, the DCR and Uganda followed with 13 per cent, 12 per cent and 11 per cent, respectively. More specifically, Egypt exported products worth US $1.7 billion and Kenya $1.3 billion. The value of Zambia's exports was $977 million and those of the DCR $896 million.

Meanwhile, with regard to intra-COMESA import market share, Zambia registered the biggest share, at 24 per cent, with goods worth US $2.0 billion in 2015. The DCR, Sudan, Uganda, Libya, Kenya and Egypt followed with a share of 11 per cent, 10 per cent, 9 per cent,

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

Table 32.3 Global COMESA trade, 2003–2016, values in US $ millions

	Exports	*Re-exports*	*Total exports*	*Imports*	*Total trade*
2005	53,701	2,093	55,794	62,309	118,103
2006	71,062	1,816	72,878	71,887	144,765
2007	73,777	2,100	75,877	88,642	164,520
2008	110,028	2,608	112,631	136,245	248,876
2009	82,841	2,469	85,310	118,489	203,799
2010	112,033	3,183	115,216	141,542	256,758
2011	92,735	3,691	96,426	144,290	240,716
2012	104,569	2,992	107,561	154,608	262,168
2013	112272.3	4024.4	116329.9	173149.4	289,479
2014	108507.4	5722.3	93930.1	190856.2	284,786
2015	72333.5	3406.9	75740.3	179476.4	255,217
2016	64103.7	2024	68817.7	164,821	233,639

Source: Data from COMSTAT and COMTRADE database. Available at http://comstat.comesa.int/ and https://comtrade.un.org/. [4]

Table 32.4 Intra-COMESA trade, 2015

Rank	*Exporter*	*Value*	*% share*	*Importer*	*Value*	*% share*
1	Egypt	1,672.8	22.1	Zambia	2,003.6	24.3
2	Kenya	1,309.1	17.3	Congo, Dem. Rep.	882.1	10.7
3	Zambia	976.5	12.9	Sudan	796.1	9.7
4	Congo, Dem. Rep.	896.4	11.8	Uganda	699.2	8.5
5	Uganda	835.9	11.0	Libya	624.1	7.6
6	Sudan	481.9	6.4	Kenya	612.6	7.4
7	Rwanda	321.5	4.2	Egypt	550.9	6.7
8	Mauritius	225.7	3.0	Zimbabwe	432.7	5.3
9	Malawi	212.0	2.8	Rwanda	394.8	4.8
10	Swaziland	174.3	2.3	Ethiopia	296.4	3.6
11	Ethiopia	162.1	2.1	Malawi	224.1	2.7
12	Zimbabwe	101.4	1.3	Mauritius	171.3	2.1
13	Libya	85.8	1.1	Madagascar	143.8	1.7
14	Burundi	48.0	0.6	Eritrea	99.1	1.2
15	Madagascar	45.9	0.6	Djibouti	93.8	1.1
16	Eritrea	9.2	0.1	Seychelles	84.9	1.0
17	Djibouti	6.8	0.1	Burundi	77.3	0.9
18	Comoros	2.2	0.0	Comoros	22.3	0.3
19	Seychelles	1.6	0.0	Swaziland	21.0	0.3
	Total	7,569.3	100.0	Total	8,230.0	100.0

Source: COMSTAT database in COMESA Summit bulletin, 2016[5]

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

8 per cent 7.4 per cent and 6.7 per cent, respectively. Zambia's intra-COMESA imports were mainly copper ores and concentrates and cobalt oxides and hydroxides from the DCR.

However, trade dealings among COMESA members are relatively weak when compared to the figures posted by other trading blocs (see Table 32.5) with figures approximating must US $9 billion compared with the North American Free Trade Agreement (NAFTA) countries, for example, where the value of intra-trade reaches almost $1,155 billion. Such findings support the analogy that trade openness through regional integration does not always result in significant increases in intra-trade, inter-trade, and economic growth unless certain prerequisites are present which include minimization of non-tariff measures, political will and export diversification. For instance, the study by Ebaidalla and Yahia[6] on intra-trade integration within COMESA found that COMESA member countries trade below their potential and perform poorly in terms of regional trade integration compared to Association of Southeast Asian Nations (ASEAN) member states[7]. Another study on COMESA by Tumwebaze and Ijjo[8] found that member countries experienced economic growth primarily because of population growth, increments in capital stock and global GDP, and increased openness to global trade. However, no significant increase in economic growth was registered for member states. Similarly, Seetanah *et al* [9], in their study of the trade-creating impact of three RTAs, namely SADC, COMESA and the EAC, and using a gravity model for the period 1996–2009, found that the co-efficient for the variable RTA was only significant for COMESA and the EAC albeit that the co-efficient was very small. They thus concluded that the trade creating impact of these RTAs was very minimal.

Table 32.5 Value of intra-group trade, 2015 (exports in US $ millions)

Rank	*Trade bloc*	*Value*	*Value %*
1	APEC	$5,767,009	69.29
2	European Union	$3,358,777	61.65
3	TPP	$1,902,513	50.35
4	NAFTA	$1,154,775	48.14
5	APTA	$358,011	24.45
6	ASEAN	$283,858	20.92
7	ARAB LEAGUE	$146,682	18.83
8	GCC	$75,288	16.67
9	MERCOSUR	$40,118	14.76
10	SADC	$30,620	14.59
11	SAARC	$23,187	14.48
12	ECOWAS	$10,024	13.36
13	COMESA	$8,889	12.20
14	CAN	$7,688	11.48
15	CEFTA	$4,018	10.84
16	EAC	$2,731	10.65
17	CARICOM	$2,635	7.99
18	EFTA	$1,981	7.00
19	ECCAS	$1,188	1.79
20	OECS	$62	0.49

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

COMESA export markets

With regard to COMESA's major export trade markets for the period 2003–12 (Table 32.6 in Appendix 1), it can be observed that the European Union (EU) is a major export destination for most COMESA member countries with countries such as the DCR, Madagascar, Mauritius, Uganda, Zambia and Zimbabwe being heavily reliant on EU countries as major exports destinations. In 2012 exports to the EU approximated US $33 billion, up from $31 billion in 2011. Products exported to the EU included petroleum oils and oils obtained from bituminous minerals from Libya. In addition, the People's Republic of China, South Africa and the USA were also major importers of COMESA products with the African Growth and Opportunity Act (AGOA) contributing to the figures achieved for the USA. In 2015 the EU was still ranked first with total exports from COMESA amounting to $21 billion in 2015 and these accounted for 26 per cent of COMESA's total exports. Major exports to the EU are petroleum oils and oils obtained from bituminous minerals, crude and natural gas in gaseous state primarily exported by Libya and Egypt. China was ranked as the second major export market for COMESA products after the EU in 2015. The COMESA region was ranked in third position with intra-exports worth $9.6 billion, recording an increase of almost 5 per cent from 2014 levels and accounting for 12 per cent of total COMESA exports. Figure 32.2 and Figure 32.3 show COMESA's major export trade market shares for 2015 and values for the period 2014–15.

COMESA and trade facilitation

As mentioned previously, trade facilitation is a crucial strategic concern for COMESA in that undeniably it can serve to boost intra-trade among member nations. Trade facilitation relates mainly to improvements in transport infrastructure, the modernization of customs administration and the removal of other non-tariff trade barriers. Trade facilitation, it may be argued, allows member countries to reap the benefits of open trade thereby contributing to economic

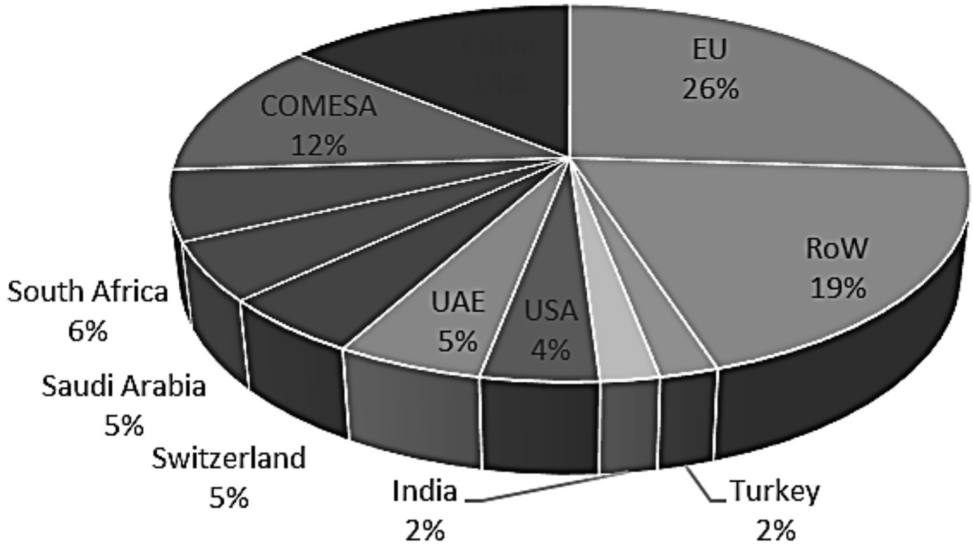

Figure 32.2 COMESA key export market shares, 2015
Source: COMSTA database.[10]

Table 32.6 COMESA's major export trade markets, 2003–12, values in US $ million

Rank	*Market*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
1	EU	17,864	22,840	29,685	30,027	38,053	55,014	34,889	49,791	31,143	33,977
2	China	2,116	1,932	3,462	7,000	3,079	12,180	11,659	17,141	13,845	14,305
3	COMESA	2,145	2,335	3,208	2,970	4,520	6,772	6,621	9,040	10,134	9,263
4	Switzerland	948	1,266	1,823	3,214	3,714	5,791	3,930	4,909	5,550	6,471
5	South Africa	2,929	2,506	1,785	2,483	3,105	2,529	2,695	4,262	5,727	6,030
6	USA	1,516	2,071	3,548	4,865	5,201	6,350	4,285	4,950	3,697	5,833
7	United Arab Emirates	272	305	873	1,272	859	1,586	2,104	3,105	3,053	4,854
8	India	635	548	693	1,948	1,854	2,752	2,401	2,392	2,889	3,836
9	Saudi Arabia	408	524	764	754	903	1,695	1,827	2,152	2,402	2,333
10	Turkey	1,142	1,649	2,161	681	669	1,168	1,236	1,451	1,736	2,156
	Rest of the world	5,427	6,500	7,792	9,663	13,919	16,795	13,663	16,023	16,249	18,503
	Total	35,399	42,475	55794	72,878	75,877	112,631	85,310	115,216	96,426	107,561

Source: COMESA annual report 2012/13; data from COMSTAT database and UN COMTRADE database.

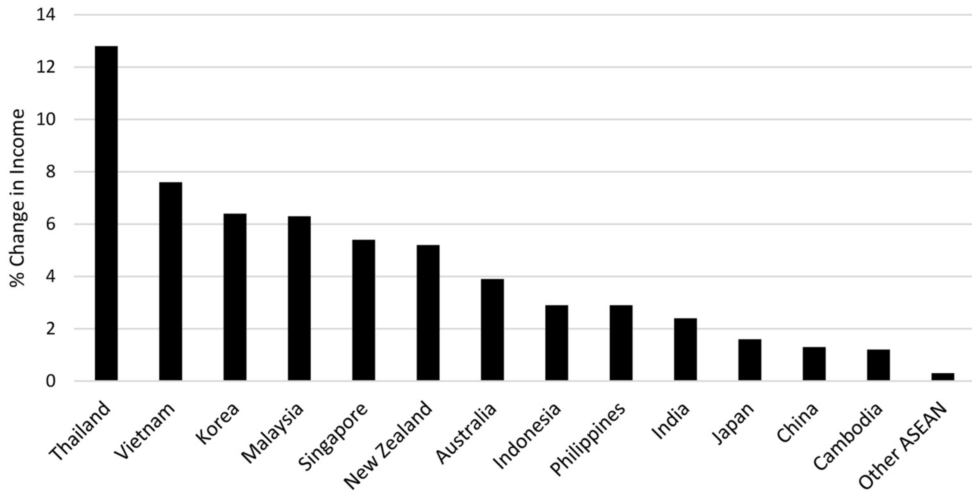

Figure 33.3 Gains from a comprehensive RCEP
Source: Author's presentation based on Kawai and Wignaraja, 'Policy Challenges Posed by Asian FTAs'.

growth and welfare maximization. By removing trade barriers, trade can be expanded. Also, more trade in countries provides economic opportunities for the population.

Trade facilitation mainly aims at harmonizing certain rules between countries to promote greater efficiency, transparency and predictability, based on norms, standards and internationally accepted practices, and may constitute a very important source of increased competitiveness for any given country, given its potential to reduce trade barriers and costs.[11] In addition, any improvement in processes and procedures that translates into greater trade facilitation may be beneficial to a country through (i) increased total factor productivity as a result of reduced levels of human and material input;[12] (ii) gains in trade, which can serve to increase income, which in turn may foster human development;[13] and (iii) greater offerings and choices to the public and to consumers as a consequence of the increase in trade. Taken together these benefits can only serve to enhance living standards.[14]

In this regard, the UNCTAD report on Trade Facilitation in Regional Trade Arrangements[15] showed that trade facilitation has been a crucial feature of regional integration in COMESA. A number of trade facilitation measures have been implemented (not necessarily by all member states) and these include air transport liberalization; the COMESA carriers licence; the Harmonized Axle Loading and Maximum Vehicle Dimension; the Regional Customs Transit Guarantee Scheme ratified by Burundi, Djibouti, Ethiopia, Madagascar, Malawi, Uganda, Zimbabwe, Kenya, Sudan and Rwanda; the Relaxation of Visa Requirement; the Protocol on Free Movement; common tariff nomenclature; the Protocol on Rules of Origin; the COMESA single customs declaration document; the implementation of common standards and capacity building with development of customs training modules.

With regard to the performance of individual COMESA countries in implementing trade facilitation measures, Figure 32.3 shows the logistic performance index for 17 COMESA member states from 2012–16. It can be observed that most countries have displayed an improved logistic performance index although countries such as Madagascar and Zimbabwe still need to promulgate more measures to foster trade facilitation.

Continental FTA: implications

In June 2015, at a meeting in Egypt, consensus was reached by members of three RTAs, namely SADC, COMESA and the EAC, to establish the Tripartite Free Trade Area (TFTA), a bloc which will undoubtedly change the whole spectrum of trade negotiations in the region. At the time of writing, of the 26 members who will need to ratify, 18 states have already signed the agreement and have already proceeded with implementing it.

The implementation of the TFTA is bound to have far-reaching consequences, in that it would comprise of a total population in excess of 630 million with a consolidated GDP of US $ 1.2 trillion. This entails the possibility for generating economies of scale, fostering greater competition, increasing the market attractiveness for potential investors inside and outside the region and increasing the potential for greater intra-regional trade. In addition, as posited by Mold and Mukwaya,[16] the potential benefits to be engendered from tariffs elimination are substantial with estimates of increases in intra-regional trade approximating 30 per cent. They also argued that the TFTA would be particularly beneficial for the manufacturing and food-processing sectors, which would in turn enhance export diversification and increased integration at the upper levels of global value chains. This can only serve to increase employment opportunities within the region with the resulting impact of increasing growth and fostering poverty alleviation.

Furthermore, it may also be contended that through the provision of a single economic area which promulgates harmonized trade policies embedded within a single regulatory framework, can only serve to alleviate the negative impact of multiple memberships, facilitate trade negotiations, reduce the costs of doing business and promulgates the potential for cross-border infrastructural projects.

However, in order for the expected benefits to materialize from such an enlarged FTA, there are certain fundamental lessons to be learnt. First, it has always been argued that African heads of state are always keen to ratify agreements, yet it has proved very difficult to implement them. As such, the political commitment to ensure the implementation of the various measures outlined in the agreement has to be there. Second, Africa, as a whole suffers from a critical lack of trade expertise to ensure the smooth implementation of agreements. To that end, it is fundamental that trade and trade-related capacity-building programmes are instituted to improve the technical capability of policymakers and those who tasked with implementing the such agreements. Third, there needs to be consensus with respect to eliminating non-tariff measures and barriers. Although the preservation of local interests might be fundamental in some instances, nonetheless, it is crucial that countries adopt a common approach geared towards the overarching aim of liberalizing trade and removing impediments to trade.

Conclusion

This chapter has sought to provide a descriptive analysis of COMESA, one of Africa's most important RTAs, through a review of its performance since its foundation and through a discussion of the impact of the establishment of the continental FTA on its probable future performance. The analysis showed that although such an agreement has led to increasing trade both among and vis-à-vis non-members, such benefits are highly skewed with some countries delineating very positive GDP growth rates while others have hardly progressed. Moreover, trade facilitation has been a crucial feature of regional integration in COMESA. Many of the member countries have indeed improved their trade facilitation index. However, regarding welfare indicators, it can be observed that there is growing and widespread poverty within the COMESA region, especially among the rural communities.

In addition, changes operating at global level are bound to have a major impact on the future of the trading bloc. For instance, the establishment of the TFTA, the withdrawal of the USA from the Trans-Pacific Partnership and Brexit (the UK's departure from the EU), both major trading partners of COMESA will undoubtedly influence trade flows between the latter and the two trading partners.

Irrespective of the above influential element, however, for member countries to further benefit from the treaty while ensuring more equitable gains, it is crucial that COMESA members strive to ensure that there is sustained improvement in political and economic governance and also sound economic management to enhance productivity in sectors where member countries possess comparative advantages.

Furthermore, it is crucial that measures are collectively implemented to foster increased regional sourcing which can serve to promulgate intra-trade. Nevertheless, what this requires is a general upgrading of the capabilities of the region's small and medium-sized enterprises which would effectively allow them to participate in regional higher value-added chains.

Last but not least, there are certain prerequisites which are fundamental for promoting trade. First, member countries should prioritize the diversification of their economies as this is crucial for enhancing regional trade. Second, continuous and sustained investment in infrastructure is essential since this is a vital ingredient for foreign direct investment from countries within the region and from non-member states. Finally, facilitating the movement of professionals and business persons, streamlining administrative procedures both at the border, even more so for landlocked nations, and at the ports in addition to sustained efforts geared towards trade liberalization and the removal of non-tariff measures can only lead to increased productivity, and thereby decreasing the cost of doing business and trade creation.

Appendix

Table 32.A1 Overview of RCEP negotiating rounds, 2013–17

Round	*Place and date*	*Main discussion points*
1	Bandar Seri Begawan, Brunei Darussalam 9–13 May 2013	• The round focused on developing a clear framework for negotiations on goods, services and investment. • The meeting established a Working Group on Trade in Goods, a Working Group on Trade in Services and a Working Group on Investment.
2	Brisbane, Australia 23–27 September 2013	• The meeting agreed to establish two new sub-Working Groups on rules of origin and customs procedures and trade facilitation to commence work at the third round.
3	Kuala Lumpur, Malaysia 20–24 January 2014	• The 16 RCEP participating countries made progress in Kuala Lumpur on core goods, services and investment issues. • The participating countries agreed at the third round to establish four new working groups on economic and technical cooperation, competition, intellectual property and dispute settlement.

Round	*Place and date*	*Main discussion points*
4	Nanning, China 31 March–4 April 2014	• The 16 participating countries engaged in negotiations on goods, services and investment issues. • Participating countries hold a diversity of views. • They continued substantive work on intellectual property, competition, economic and technical cooperation and the approach to scheduling services and investment commitments.
5	Singapore 21–24 June 2014	• Negotiators focused on the scope of the RCEP agreement and the level of ambition for negotiations on tariffs, services and investment. • New negotiating groups on legal and institutional issues, sanitary and phytosanitary measures, and standards, technical regulations and conformity assessment procedures met for the first time.
6	Greater Noida, India 1–5 December 2014	• Around 550 officials continued negotiations across 12 negotiating groups and made progress on draft chapter text. • Negotiators worked to bridge differences on the level of ambition for market access commitments.
7	Bangkok, Thailand 9–13 February 2017	• Officials focused on expediting work on the core negotiating issues and draft chapter text.
8	Kyoto, Japan 5–13 June 2015	• Progress was made on narrowing differences between the participating countries on goods, services and investment leading into the Intersessional RCEP Ministerial Meeting to be hosted by Malaysia.
9	Nai Pyi Taw, Myanmar 1–7 August 2015	• Officials focused on the guidelines for initial market access offers for goods. • Officials commenced market access negotiations on services, with all countries having submitted their initial services offers. • The Working Group on Electronic Commerce met for the first time. Discussions on telecommunications and financial services started.
10	Busan, Korea 12–16 October 2015	• Officials commenced market access negotiations on goods, services and investment. • The first substantive meetings of the Sub-Working Groups on Financial Services and Telecommunications were convened.
11	Bandar Seri Begawan, Brunei Darussalam 15–19 February 2016	• Officials worked constructively on market access in goods, services and investment throughout the week, making progress on draft chapter text and benchmarks for further improvements. • Officials working on rules of origin discussed product specific rules and draft text. • On services, all RCEP participating countries submitted their initial offers.

Round	*Place and date*	*Main discussion points*
12	Perth, Australia 17–29 April 2016	• Made progress across a range of key issues, such as market access and draft chapter text. • Roundtable events with invited speakers were also held on financial services, e-commerce and investor aftercare with strong engagement and attendance from industry representatives. • Dialogue was also held with the East Asia Business Council Working Group on RCEP. • Countries are working on establishing regional standards and architecture that will promote trade and investment among RCEP participating countries into the future.
13	Auckland, New Zealand 12–18 June 2016	• All RCEP participating countries have now submitted initial offers for trade in goods and trade in services as well as initial reservation lists for investment. • Trade in services market access negotiations continue on a bilateral and plurilateral basis. In goods, negotiators continued to work on market access and progress on rules of origin was welcomed.
14	Ho Chi Minh, Viet Nam 14–19 August 2016	• The Trade Negotiating Committee focused its efforts on advancing market access negotiations, especially on the core areas of trade in goods, trade in services and investment to ensure a balanced, high-quality and mutually beneficial comprehensive economic partnership. • Discussions also focused on other outstanding issues, such as whether to include government procurement in the scope of the RCEP Agreement. • Text-based negotiations in other areas of negotiations were also discussed, including on competition, intellectual property, economic and technical cooperation, e-commerce and legal and institutional issues.
15	Tianjin, China 17–21 October 2016	• A key achievement of the negotiations in China was the conclusion of negotiations on the draft chapter text on Economic and Technical Cooperation. • The concluded chapter will complement existing economic partnerships among RCEP participating countries, by supporting effective implementation and utilization of the RCEP Agreement to accelerate the narrowing of development gaps and maximize mutual benefits among the RCEP participating countries.
16	Tangerang, Indonesia 2–10 December 2016	• The Meeting welcomed the conclusion of the chapter on SMEs. • Likewise, negotiators had a stakeholder engagement session with representatives from 13 international, regional and local civil society organizations and took note of their views and concerns on a wide range of issues, including particular concerns regarding possible adverse impacts of some provisions in other agreements.

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

Round	*Place and date*	*Main discussion points*
17	Kobe, Japan 21 February–3 March 2017	• RCEP participating countries made progress in Kobe across RCEP's three core market access areas (goods, services, investment), and on rules issues including intellectual property, electronic commerce and legal and institutional issues. • The Working Group on Economic and Technical Cooperation completed its work in previous negotiating rounds.
18	Manila, Philippines 2–12 May 2017	• The Meeting expressed shared commitment to work collectively and in a cooperative manner to progress the negotiations in a more accelerated way. • The negotiations made progress across the Working Groups on Trade in Goods and Trade in Services and their respective Sub-Working Groups, as well as the Working Groups on Investment, Intellectual Property, Competition, e-Commerce, and Legal and Institutional Issues. • The Working Groups and Sub-Working Groups continued their deliberations to further advance market access and text-based negotiations.
19	Hyderabad, India 18–28 July 2017	• The negotiations made progress across all Working Groups and Sub-Working Groups on market access and on rules. • The newly established Working Group on Government Procurement and Sub Working Group on Trade Remedies also met for the first time at this round. • The Meeting recognized the urgency of substantially advancing the RCEP negotiations and agreed on a set of key elements for significant outcomes in RCEP to be achieved by the end of 2017.
20	Songdo, Korea 17–28 October 2017	• During the negotiating round, progress was made on text negotiations across all areas. Negotiators focused their efforts to prepare for a further intensification of work in 2018. • Negotiators from the Trade Negotiations Committee (TNC), and the Working Groups on Trade in Services, Investment, Legal and Institutional Issues, Intellectual Property and Electronic Commerce met with representatives from international, regional and local civil society organizations. • In addition, the TNC also had a special session with Susana Malcorra, Chair of the 11th World Trade Organization Ministerial Conference (MC11), to exchange views on the importance of the multilateral trading system and achieving good outcomes at MC11.

Sources: Author's presentation based on Department of Foreign Affairs and Trade, Australia. Available at http://dfat.gov.au/trade/agreements/rcep/pages/regional-comprehensive-economic-partnership.aspx; Department of Foreign Affairs and Trade, New Zealand. Available at www.mfat.govt.nz/en/trade/free-trade-agreements/agreements-under-negotiation/rcep; ASEAN. Available at http://asean.org/?static_post=rcep-regional-comprehensive-economic-partnership.

Handbook of International
Trade Agreements; edited by Robert E. Looney
Format: Pinched_Crown (174 × 246 mm); Style: Handbook_2; Font: Bembo;
Dir: P:/Frontlist Production Teams/eProduction/Live Projects/9781857439151/dtp/
9781857439151_text.3d;

Notes

1 www.comesa.int/wp-content/uploads/2016/06/COMESA-Treaty.pdf.
2 www.comesa.int/wp-content/uploads/2016/06/comesa_annualReport-2011_12_final.pdf.
3 www1.uneca.org/Portals/rio20/documents/Workshop-Institutional-StrategicFrameworks/Day%20Two/COMESA-Presentation.pdf.
4 http://comstat.comesa.int/ and https://comtrade.un.org/.
5 www.comesa.int/summit2016/2016-summit-bulletins/.
6 E. M. Ebaidalla and A. M. Yahia (2014) 'Performance of IntraCOMESA Trade Integration: A Comparative Study with ASEAN's Trade Integration', *African Development Review*, 26(S1): 77–95.
7 C. K. Ntara, D. Njeje, W. Tenambergen, P. Opiyo, H. Kariuki, P. Kihara, T. Senaji, E. Njoka, B. Namiinda and J. Onyando (2005) 'African Trading Blocs and Economic Growth: A Critical Review of the Literature', *American Journal of Tropical Medicine and Hygiene*, 71(6): 765–73.
8 H. K. Tumwebaze and A. T. Ijjo (2015) Regional Economic Integration and Economic Growth in the COMESA Region, 1980–2010', *African Development Review*, 27(1): 67–77.
9 B. Seetanah, R. V. Sannassee and V. Tandrayen (2011) 'Regional Trade Integrations: A Comparative Study of African RTAs', Proceedings of the ICITI 2011 Conference , Mauritius.
10 http://comstat.comesa.int/.
11 F. Augusto and T. Scorza (2007) 'Trade Facilitation and Customs Procedures in WTO Negotiations: Outputs for Customs Law in Brazil', *Brasileira Magazine Foreign Trade*, 92: 44–58.
12 O. Canuto (2012) 'Facilitating Trade, Facilitating Development', *World Post*, 18 July.
13 J. S. Wilson, C. L. Mann and T. Otsuki (2003) 'Trade Facilitation and Economic Development: A New Approach to Quantifying the Impact', *World Bank Economic Review*, 17(3): 367–89.
14 B. Rippel (2011) 'Why Trade Facilitation Is Important for Africa', *Africa Trade Policy Notes*, 27.
15 http://unctad.org/en/PublicationsLibrary/dtltlb2011d1_en.pdf.
16 A. Mold and R. Mukwaya (2015) 'The Effects of the Tripartite Free Trade Area: Towards a New Economic Geography in Southern, Eastern and Northern Africa?' No. 15/04.