

COMESA

MOVING AFRICA FORWARD



The **COMESA** vision is to create a fully integrated, internationally competitive Regional Economic Community in Eastern and Southern Africa.

COMESA's institutions promote regional integration and development

"COMESA envisages achieving sustainable economic and social progress in all member states"
CHILESHE KAPWEPWE
COMESA SECRETARY GENERAL

The Common Market for Eastern and Southern Africa – COMESA – provides a framework for peace and prosperity for its member states. COMESA Secretary General **Chileshe Mpundu Kapwepwe**, describes how her organisation is fostering integration both regionally and across the continent and details its work in creating an internationally competitive investment environment.

COMESA: A force for good

COMESA is the foremost building block for continental integration. First, it is part and a driver of the African Union, the African Economic Community and the Tripartite COMESA-EAC-SADC area. Second, it is the largest of the eight Regional Economic Communities (RECs) recognised by the African Union. It brings together 21 member states that are at various stages of economic development, with a total population of over 550m people and a combined GDP of over US\$768bn (2017).

It is also the REC that integrates most of the countries of the Great Lakes region, covering Central, Eastern and Southern Africa, with significant need for enhanced cross-border economic activities.

Our policy agenda is part of the continental integration policy agenda, in the specific area of trade, investments and economic integration. Thus, our objectives are aligned with pan-African initiatives such as the Tripartite Free Trade Area (TFTA) and the African Continental Free Trade Area (AfCFTA).

COMESA is a force for good. It provides a framework for coming together to tackle development challenges to achieve peace and prosperity in our region. This is in addition to transforming the region into an internationally competitive investment area, which allows free movement of capital, labour, goods, and services across borders of COMESA member-states, and thereby facilitating sustainable growth of private domestic and foreign investment.

Power and influence

With its 21 member states making up a third of the continent, COMESA has power and influence in Africa and the world at large. Currently, we have the most comprehensive trade and transit policies in the continent.

These include, but are not limited to: Uniform Road User Charges, COMESA Carrier License, Harmonised Axle Load Limits and Vehicle Dimensions, COMESA Custom Bond Guarantee Scheme, Automated System of Custom Data Management (ASYCUDA) and EUROTRACE, COMESA Virtual Trade Facilitation System (CVFTS), Web-based Transit Data



'COMESA envisages achieving sustainable economic and social progress in all member states through increased co-operation and integration in all fields of development.'

The COMESA region



Transfer Module and a Simplified Trade Regime (STR).

Equally, we have a stable of robust and viable institutions with a number of them transcending COMESA and now offering services to the rest of the African continent and beyond.

COMESA envisages achieving sustainable economic and social progress in all member states through increased co-operation and integration in all fields of development particularly in trade, investments, customs and monetary affairs, transport, communication and information, technology, industry and energy, gender, agriculture, environment and natural resources.

Launched in 2000, the COMESA Free Trade Area now consists of 15 of the 21 member states. This means trade among the 15 is taking place on a duty-free-quota-free basis.

As we move into the next phase of our development process, we are cognizant of the central role that information, communication technologies will play. The advent of ICT and related software tools in the 21st century is an opportunity for us to leapfrog in trade and transit facilitation. Hence, we have positioned ourselves to fit in this dispensation under our theme: "COMESA: Towards Digital Economic Integration".

Digitisation of our instruments, especially trade facilitation instruments, is a high priority. Estimates are that this will create new trade worth \$12.3bn annually. It will facilitate trade, connectivity, reduce our transaction time and costs, and certainly increase efficiency in our various interventions.

As the largest regional economic community in Africa, COMESA represents the best frontier of trade and investment in the continent. ■

Above: COMESA Secretary General Chileshe Mpundu Kapwepwe.

The 21 member states of COMESA are: Burundi, Comoros, Democratic Republic of Congo (DRC), Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

The vision of COMESA is to create a fully integrated, internationally competitive Regional Economic Community in Eastern and Southern Africa.

Building prosperity through regional integration

According to Renaissance Capital chief economist Charles Robertson, Africa is going to go from a \$2 trillion economy today to a combined GDP of \$29 trillion by 2050, which is about the current combined GDP of the European Union and the United States.

This optimistic outlook for Africa has recently been boosted by significant developments in regional economic integration, of which the Common Market for Eastern and Southern Africa (COMESA) has long been at the forefront. COMESA constitutes a third of Africa in geographical, economic and demographic terms and has been a significant player in informing continental level and other regional programmes, especially in the areas of trade facilitation and addressing non-tariff barriers.

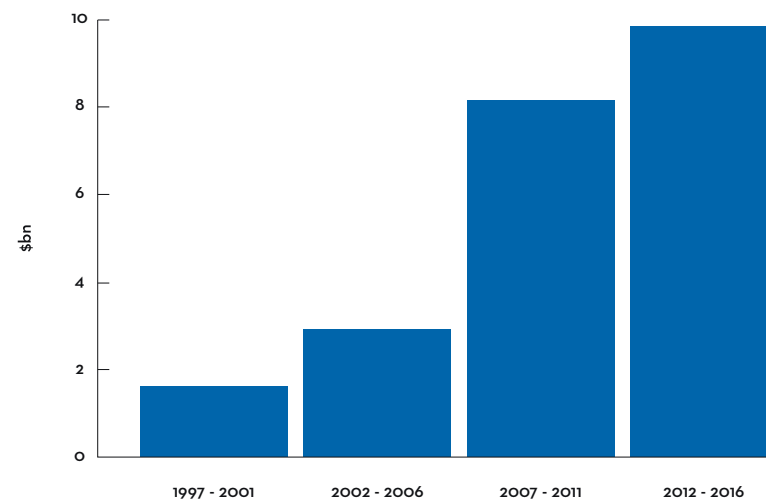
COMESA was founded in a treaty signed by 19 countries from Eastern and Southern Africa in Kampala on 5 November 1993 and ratified a year later in Lilongwe, Malawi. The Treaty defined COMESA “as an organisation of free independent sovereign States which have agreed to co-operate in developing their natural and human resources for the good of all their people”. As such COMESA has a wide-ranging series of objectives, which necessarily include the promotion of peace and security in the region.

Main focus

COMESA's main focus is on the formation of a large economic and trading unit that can overcome some of the barriers that are faced by individual states. The vision is to create a fully integrated, internationally competitive Regional Economic Community (REC) within which there is economic prosperity, as evidenced by high standards of living for its people, and political and social stability. COMESA's current strategy can thus be summed up in the phrase “economic prosperity through regional integration”.

COMESA's mission is to achieve sustainable economic and social progress in member states through increased cooperation and integration in all fields of development, particularly in trade, customs and monetary affairs, transport, communication and information, technology, industry and energy, gender, agriculture, environment and natural resources.

Growth of intra-COMESA exports (annual averages)



The organisation has a Secretariat based in Lusaka, Zambia, and a number of specialised institutions that support regional integration and development – for further details.

Overcoming barriers to trade

COMESA's work in overcoming constraints on regional trade includes removal of non-tariff barriers (including quotas, levies, embargoes, sanctions and other restrictions), infrastructure development and fast-tracking the diversification of economies.

COMESA established a Free Trade Area (FTA) in October 2000 with the aim of facilitating regional integration through zero customs tariffs on goods traded among the member states. Sixteen countries are currently members of the FTA. Remarkable achievements have been made especially in trade liberalisation and facilitation through reductions and elimination of trade and non-trade barriers between member states, which enabled intra-COMESA trade to increase substantially.

In August 2018, COMESA Secretary General Chileshe Mpundu Kapwepwe

Making progress

Since the inception of COMESA, the region has made progress in most welfare indicators. Intra-COMESA exports have risen at an average of 7% a year, from an annual average of \$1.6bn in 1997-2001 to an annual average of \$9.8bn in 2012-16.

GDP growth has increased marginally. All member states have registered improvements in GDP per capita, with the region's average GDP per capita almost doubling over the period. Population growth has reduced over time.

Unemployment in the region fell marginally, from 8.5% to 8.2% between 2000 and 2016. All member states registered improvements in the African Development Bank's African Infrastructure Development Index during this period, with the overall score rising from 18.8 to 31.5.

Private sector investments will drive integration

At the Regional Investment Agency (RIA) for the Common Market for Eastern and Southern Africa (COMESA RIA), we are fully committed to driving investment into and across the COMESA region, and Africa as a whole. This reflects our vision of creating an internationally competitive, prosperous regional economic community while also supporting the integration of the continent as a whole.

As economies inside COMESA are liberalising and diversifying, investment opportunities are multiplying while risks are diminishing. COMESA has been experiencing real and sustainable growth averaging 5% in the past five years. This offers investors the stability they require to commit to long-term plans and access COMESA's half a billion consumers, with an average population growth rate of 2.2% annually within its now expanded 21 member states.

The African Continental Free Trade Area (AfCFTA) agreement, signed in Kigali on 21 March 2018, offers further opportunity to scale up investment opportunities as the continent seeks to create a single market for our goods and services, facilitate the free movement of people and expand intra-Africa trade.

The private sector will play a pivotal role in creating the foundations for the success of the AfCFTA. COMESA also recognises that if the agreement's potential is to be fully realised then support must be given to policymakers to tackle systemic and structural issues, and this will require a proactive dialogue between the private sector and government.

COMESA's 21-member bloc stands ready to work in partnership with the public and private sector to achieve greater economic integration for the continent in order to help create a more prosperous, equitable, sustainable future for all Africans. ■



By Heba Salama, CEO, COMESA Regional Investment Agency

COMESA's Regional Investment Agency: Promoting the region as an investment destination

The COMESA Regional Investment Agency (RIA) was launched in 2006 in line with COMESA's ultimate objective of creating a fully integrated, internationally competitive and unified regional economic community in which goods, services, capital and persons move freely, for the sustainable economic development of the region. The principal route that was chosen in order to realise this goal is development integration through increased trade and investment.

Since its inception in 2006, RIA has been focusing on two main pillars of operations:

- Promoting the COMESA region as an attractive investment destination;
- Improving the business and investment climates of Member States, namely through capacity-building programmes targeting Member States Investment Promotion Agencies (IPAs) and relevant Government Officials.

COMESA RIA serves as a driver of investment into the region through its

promotional activities. Examples include the organisation high-level international COMESA investment forums and ministerial road shows, participation in key events and support for member states' events, the development of an investor portal now attracting over 200,000 visitors a year, various country-level and regional investors' guides and other promotional tools, the promotion of specific investment opportunities and projects, and the dissemination of positive news and information about facilities, regulatory frameworks, incentives and procedures.

COMESA RIA also organises meetings at its premises with various companies looking to invest and do business in the COMESA region. These meetings serve as vehicles through which COMESA RIA has been promoting the COMESA region as an attractive investment destination. Promotional efforts have succeeded in reducing the gap between perceptions and reality with regard to doing business

in the COMESA region and Africa, and raising the profile and image of the COMESA region and its member states as destinations where not only is it easier to do investment but where returns on investments are higher than anywhere else in the world.

While RIA's main stakeholders are COMESA member states' IPAs as reflected in the composition of its Board of Directors, RIA's main targets have been the private sector and its main final beneficiaries the general COMESA population.

RIA is hosted by the government of Egypt at the premises of the General Authority for Investment.



COMESA has created a number of institutions to promote regional cooperation and development, ranging from the African Trade and Insurance Agency and the Trade and Development Bank to the Federation of National Associations of Women in Business in Eastern and Southern Africa.

COMESA's institutions promote regional integration and development

COMESA has established a number of specialised institutions to support regional integration. Some of them, such as the Trade and Development Bank (TDB), the African Trade Insurance Agency (ATI) and the Africa Leather and Leather Products Institute (ALLPI) have become continental institutions, while its financial institutions and enjoy high international ratings.

The Authority of Heads of State and Government is the supreme policy organ of COMESA. It is responsible for general policy direction and performance overview. Below it is the Council of Ministers, which is composed of ministers from the coordinating ministries of all the member states. It is responsible for policymaking, monitoring and reviewing the functioning of COMESA. It has the power to make regulations, directives and decisions that are binding on member states and ensuring the implementation of the agreed policies.

The Intergovernmental Committee is responsible for the development of specific programmes and action plans in all fields of cooperation except finance and monetary cooperation. The Committee of Governors of Central Banks provides advice to the Authority and Council of Ministers on regional finance and monetary affairs. The Technical Committees are responsible for the preparation of comprehensive implementation programmes and timetables in various sectors including monitoring and reviewing of implementation of programmes.

The COMESA Secretariat is headed by the Secretary-General who is appointed by the Authority and is responsible for monitoring the implementation by member states of the provisions of the COMESA Treaty and regulations, directives and decisions of the Council among other functions.

Specialised institutions

COMESA's specialised institutions range from the Court of Justice, which adjudicates on all matters which may be referred to it

Case study: ATI backs \$159m expansion of Ethiopian Airlines

In January 2017, the African Trade Insurance Agency (ATI) concluded its first deal in Ethiopia. ATI backed a \$159m loan from the African Development Bank (AfDB) to fund Ethiopian Airlines' fleet expansion with the purchase of an Airbus A350-900 jet. The airline intends to double its fleet and increase revenue to \$10bn in the next decade.

"Ethiopia represents a vibrant market with incredible potential. We are proud to

be associated with Africa's most profitable airline," commented George Otieno, ATI's Chief Executive Officer, at the time. "This is likely be the first of many high impact projects we support in the coming years."

The transaction was also significant because it marked an important milestone in ATI's evolving partnership with the AfDB, signalling the potential for both institutions to support more infrastructure projects across Africa.



Two COMESA institutions – the African Trade Insurance Agency and the Trade and Development Bank – have backed the expansion of Ethiopian Airlines in recent years.

pursuant to the COMESA Treaty, through financial institutions such as ATI and TDB, to business bodies such as the COMESA Business Council and the Federation of National Associations of Women in Business in Eastern and Southern Africa, which exists to promote women's entrepreneurship.

Financial institutions

African Trade Insurance Agency (ATI)
The African Trade Insurance Agency (ATI) was founded in 2001 by African countries to encourage more inward investments by providing insurance against trade and investment risks. ATI does this by removing the perceived and real investment, political and credit risks that are linked to many transactions.

Specifically, ATI covers risks such as expropriation, non-payment by governments, state-owned companies and corporates, non-honouring of sovereign and sub-sovereign obligations, political violence (including terrorism and sabotage), currency inconvertibility and embargoes. See the case study opposite for an example of ATI's work.

Since 2008, ATI has been ranked as one of the highest rated institutions in Africa with an 'A/stable' rating for Financial Strength and Counterparty Credit by Standard & Poor's.

COMESA Business Council (CBC)

COMESA Business Council (CBC) is established as a private sector institution of COMESA that represents the interests of businesses sectors at a regional level. The services provided include advocacy, to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. It provides tailored services driven by both industry and enterprise interests. CBC is constitutionally managed by a board of directors from nine of the national apex business associations from the COMESA member states. The CBC Secretariat is based in Lusaka, Zambia, at the COMESA Secretariat.

COMESA Clearing House (CCH)

The COMESA Clearing House (CCH) is hosted in Harare, Zimbabwe. Its mandate is to offer value-added services to the region with particular emphasis on the provision of regional payments and settlement services. CCH operates the Regional Payment and Settlement System (REPSS), which stimulates growth by allowing member countries to transfer funds in the most cost-effective and efficient manner within COMESA.

Some of the major benefits of REPSS include the guaranteeing of prompt payment for exports and other transfers. No confirmation of Letters of Credit is required and, ultimately, opening of Letters of Credit will no longer be required with the moving towards trading on open accounts.

COMESA Competition Commission

The COMESA Competition Commission is mandated to enforce the COMESA Competition Regulations, which aim to promote and encourage competition by preventing restrictive business practices that deter the efficient operation of markets.

It regulates mergers and acquisitions, monitors and investigates restrictive business practices and engages in activities that protect and enhance the welfare of consumers in the Common Market.

The Commission enforces the Regulations with the principle objective



Case study: Yellow Card scheme facilitates cross-border transport

The COMESA financial institution ZEP-RE manages the Yellow Card, a regional motor vehicle third party insurance protection scheme for cross-border movement of vehicles between COMESA member countries.

The scheme seeks to:

- facilitate the smooth flow and movement of vehicles between member states
- provide a common system for claims settlement across borders of all member states participating in the scheme
- provide a wider market to the region's insurance industry
- work as an instrument of regional integration and the realisation of common insurance practices and laws for the benefit of the motoring public.

Speaking at the 34th COMESA Trade and Customs Committee (TCM) meeting in Nairobi, Kenya in August 2018, the Principal Secretary, State Department of Trade in Kenya, Dr Chris Kiptoo, cited the Yellow Card scheme as one of COMESA's most successful trade facilitation instruments, alongside the Simplified Trade Regime, Non-Tariff Barriers Regulations, the COMESA Fund, and the Regional Customs Transit Guarantee.

The scheme is currently operational in 12 COMESA Member Countries and one non-COMESA member Country.

of realising the single market imperative, whereby goods and services should move freely in the Common Market and firms should be able to establish themselves anywhere in the Common Market without obstacles created by restrictive business practices among firms operating in the Common Market.

COMESA Monetary Institute (CMI)

The objective of the COMESA Monetary Institute (CMI) is to undertake all the technical, policy, statistical, institutional and legal preparatory work for the creation of a COMESA Central Bank and the introduction of a common currency in COMESA. Monetary Union will make the region more globally competitive and attractive to cross-border and foreign investment.

CMI is based in Nairobi, Kenya at the Kenya School of Monetary Studies, an institution of the Central Bank of Kenya.

Trade and Development Bank (TDB)

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB), formerly the PTA Bank, is a multilateral, treaty-based development financial institution, with assets of over \$5bn. Its mandate is to finance and foster trade, regional economic integration and sustainable development through trade finance, project and infrastructure finance, asset management and business advisory services. Recent TDB projects include:

- Participating to the tune of \$20m in a syndicated funding for the acquisition of five Boeing 777-200LRs by Ethiopian Airlines.
- Participating alongside Barclays Bank (Mauritius) and State Bank of Mauritius in financing BAHÉL, a multi-disciplinary tertiary care hospital.

TDB is expanding its shareholder base as it repositions itself as a more inclusive regional development bank serving all countries in or adjacent to Eastern and Southern Africa. In the past five years, TDB's shareholder base has grown from 19 to 35 members, shareholder equity funds and total assets have increased by 150% and 130% respectively, annual net profits have risen by 100%, and non-performing loans were halved.

TDB currently has regional offices in Nairobi, Harare and Addis Ababa, and principal offices in Port Louis and Bujumbura.

ZEP-RE

ZEP-RE (PTA Reinsurance Company) is a regional reinsurance company founded under an international charter of COMESA member states in 1992. The company's mandates focus on the promotion of the insurance/reinsurance industry as well the growth of underwriting and retention capacity throughout the region.

ZEP-RE has a diverse shareholding including governments and government-

owned organisations, COMESA institutions, private companies and DFIs. The company currently operates six offices in Africa with a staff complement of 67 drawn from over 12 countries of the region. With the vision of becoming a world-class reinsurer in Africa, ZEP-RE provides insurance companies in the region with technical expertise and capacity in both life and non-life business. The company's business is spread over 50 countries within and outside the African continent.

Commodities

Africa Leather and Leather Products Institute (ALLPI)

ALLPI, headquartered in Addis Ababa, Ethiopia, is an intergovernmental organisation whose Charter has been endorsed by 17 COMESA Heads of State and Government. ALLPI's main mandate is to support the development of the leather sector in Africa in general and in the COMESA Region in particular.

The design, planning and implementation of its activities at national, regional, continental and global levels are informed by its 10-year strategic plan and the interaction and collaboration among stakeholders in the public, private and academic sectors. ALLPI provides services to regional and international investors and businessmen that encompass sharing information on leather sector capabilities and opportunities, skills availability, taxation regimes and competitors in the region.

Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA)

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) is a specialised agency of COMESA working with member states, farmers' organisations, donors, NGOs and the private sector for improved agricultural development targeted at resource poor farmers to reduce hunger and poverty in the COMESA region. ACTESA is integrating smallholder farmers into domestic, regional and international markets through an improved policy environment and expanded market facilities and services. ACTESA has its headquarters in Lusaka, Zambia at the COMESA Secretariat.

Energy

Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA)

The Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was officially launched in 2009. It is the key element in the COMESA energy programme, whose main thrust is to promote regional cooperation in energy development, trade and capacity building.

The main objectives of RAERESA are to assist in capacity building and information sharing; to facilitate energy supply policy, legislation and regulations;

inter-regional cooperation; and regional energy regulatory cooperation.

RAERESA has developed guidelines to encourage private sector investment in renewable energy. It is expected that COMESA member states will apply the different instruments to enhance energy security, reliability accessibility and affordability.

Judicial functions

COMESA Court of Justice

COMESA exists within a system of agreed rules embodied in the COMESA Treaty. The system will only endure if the implementation of those rules is supervised by an independent court, hence the establishment of the Court of Justice under

Article 20 of the Treaty.

The Court is composed of seven judges who are appointed to the First Instance Division, one of whom is the Principal Judge, and five judges who are appointed to the Appellate Division, one of them being the President of the Court.

The judges ensure that the law is interpreted and applied uniformly in each member state, that as a shared legal system, it remains a Common Market system and that it is always identical. In order to fulfill that role, the Court of Justice has jurisdiction to hear disputes to which member states, the Secretary General, and residents of member states (individuals and legal persons) may be parties.



Case study: TDB finances landmark cement plant In Ethiopia

The Trade and Development Bank's \$55.5m investment in the Habesha Cement Plant in Ethiopia reflects the Trade and Development Bank's commitment to development projects in COMESA member states for regional integration and economic empowerment.

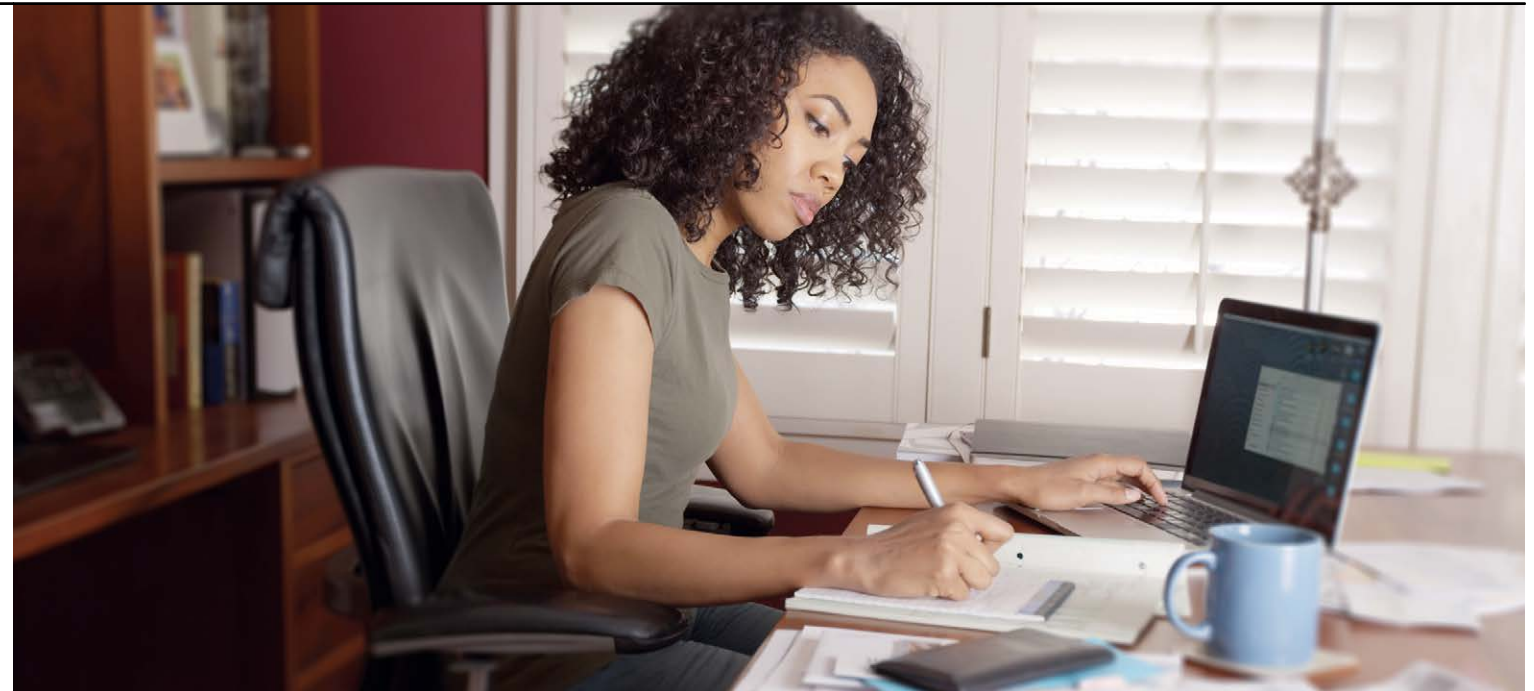
In 2013, TDB approved a facility which was utilised in the construction of the plant, a landmark establishment in Ethiopia. It is located 35km west of Addis Ababa in the Oromiya region, in close proximity to raw material deposits and high-demand areas for cement products.

The plant's planned capacity amounts to 3,000 tonnes of clinker per day, which places it among the largest in the East African region. The investment cost of the project amounted to \$123m, which was funded based on a debt-to-equity ratio of 30 to 70. The equity was raised from several sources while the initial part of the equity portion was funded by the founding partners and through a public subscription for Ethiopians.

The project is expected to employ 500 workers and its management is committed to the welfare of people in the region.



Above: The Habesha Cement Plant in Oromiya state, Ethiopia.



Case study: FEMCOM establishes regional business incubators for women entrepreneurs



The Business Incubator for African Women Entrepreneurs (BIAWE) Project is an initiative coordinated by the FEMCOM Secretariat with the financial support of the NEPAD/Spanish Fund for African Women's Empowerment. The project seeks to address challenges encountered by women in their business operations. FEMCOM Secretariat recently announced the implementation of phase

II of the pilot project. Four centres will offer business incubation services in the areas of handicrafts, agro-processing and ICT to 145 women entrepreneurs in Burundi, eSwatini, Kenya and Sudan:

- Burundi Business Incubator (BBIN) - leather and textiles
- Kenya Industrial Research and Development Institute (KIRDI) - agro-processing

- Sudanese Women General Union (SWGU) - agro-processing and ICT
- Swaziland Small Enterprise Development Company (SEDCO) - agro-processing

Each participant will be expected to mentor 10 entrepreneurs in their countries of residence, so that 1,450 women will ultimately benefit.

Empowering women entrepreneurs

Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM)

The Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM) is an institution established under Article 155 of the COMESA Treaty in 1993.

FEMCOM was founded on the idea that regional economic integration cannot be seen to have succeeded without the full involvement and equal participation of women in business. The FEMCOM Charter mandates FEMCOM to "act as a forum for the exchange of ideas and experience among women entrepreneurs; an instrument through which the appropriate portion

of COMESA Women in Development Programmes shall be implemented; a forum for network among women entrepreneurs and an instrument for encouraging women to set up or expand existing enterprises."

It develops women's entrepreneurship through programmes that promote, encourage and serve the needs of women and their businesses, working in smart collaboration with relevant partners. Its focus is to provide forums for women entrepreneurs to grow economically through exchange of ideas and experience.

Its activities include creating an enabling economic environment for women, empowering women through policy advocacy, providing access to

information, supporting the establishment and expansion of women's enterprises by providing access to affordable credit, capital and technologies, and facilitating training of women entrepreneurs.

FEMCOM's programmes include:

- The Business Incubator for African Women Entrepreneurs (BIAWE) Project (see case study above).
- Fostering and implementing the COMESA Cluster Development Programme, which is aimed at supporting SMEs by enhancing collective efficiency, enabling enterprises of similar sectors or production interests to collectively stand up to large firms.
- Strengthening Women in Business Associations and Promoting Networks. ■

Building prosperity through regional integration

reported that 199 out of 204 non-tariff barriers between member states identified in 2008 had been eliminated.

COMESA launched a Customs Union in June 2009 and it is in the process of being operationalised.

In resolving infrastructure challenges, COMESA has undertaken policy and regulatory harmonisation through development and revision of model policies and regulations for transport, ICT and energy. It has also developed legal and institutional frameworks for public-private sector partnerships to increase private sector participation in infrastructure development. Road transport facilitation mechanisms have been developed, such as the Yellow Card

There has been development of hard infrastructure including air transport systems, rehabilitation of roads and corridor development management, power generation projects and regional energy facilitation.

Advancing continental integration

On 10 June 2015, COMESA signed the Tripartite Free Trade Area agreement with the East African Community (EAC) and Southern African Development Community (SADC), the aim of which is to create a free trade area covering half of Africa in geographical, economic and demographic terms.

This momentous development inspired the negotiation and conclusion of the African Continental Free Trade Area (AfCFTA), which was signed and launched on 21 March 2018, covering the entire continent. AfCFTA aims to liberalise 90% of the tariff lines over five to 15 year periods; treatment of the remaining 10% is yet to be agreed, as of November 2018.

COMESA continues to be a trailblazer. In the context of the Fourth Industrial Revolution, COMESA has started a raft of new programmes and interventions, such as the Digital Free Trade Area, and re-engineering and automation of trade facilitation. Digitisation of COMESA trade facilitation instruments, covering documents and processes, will create new trade estimated at \$17.5bn annually.

At the same time, COMESA has been implementing a number of continental instruments, such as the Yamoussoukro Declaration to establish a single African air space, and the Comprehensive Africa Agriculture Development Programme.

It is in this vein that COMESA can be expected to assist the implementation of AfCFTA and through its ambitious and functioning duty-free quota-free FTA inspire higher levels of market integration at the continental level. ■

The signing of the AfCFTA agreement in March opened the way for the establishment of a continental single market in Africa. COMESA played an active supporting role in the negotiations that led to this landmark accord.

Supporting the AfCFTA

AFRICAN CONTINENTAL FREE TRADE AREA CREATING ONE AFRICAN MARKET

#AfCFTA2018 | 17-21 March 2018 | Kigali, Rwanda



COMESA was an active partner in the negotiations that led to the signing of the African Continental Free Trade Area (AfCFTA) agreement in March 2018. The agreement opens the way to establishing an African single market encompassing 1.2bn people.

The African Union (AU) Assembly established a special structure, the Continental Task Force, made up of the AU Commission and the Regional Economic Communities (RECs) to support the AfCFTA negotiations, and COMESA was an important contributor to its meetings. COMESA also worked closely with and supported the AUC in the AfCFTA negotiations by providing written and other guidance. In the drafting of the Framework Agreement, COMESA developed, circulated and presented to the AfCFTA meeting a technical paper on infant industries. This presentation was eventually used as the basis for finalisation of the guidelines on infant industries.

On a continuous basis, and working closely with its partners in the Tripartite Free Trade Area – the East African Community (EAC) and Southern African Development Community (SADC) – COMESA has ensured that the AfCFTA does not unravel the progress achieved at the REC level. This was largely been achieved through Tripartite

COMESA, EAC and SADC and the Tripartite Arrangement helped expedite the process of continental integration by presenting a unified front.

Consultative meetings on the margins of the AfCFTA meetings, in which member/partner states had a platform to forge a common front on issues of interest.

Through informal consultations with member states and with the AUC Department for Trade and Industry, COMESA assisted the AfCFTA negotiations by providing on-the-spot input as guidance for technical and political level negotiations.

In this context, COMESA, EAC and SADC and the Tripartite Arrangement have helped expedite the process of continental integration by presenting a unified front for 29 of the 55 countries under the AfCFTA and by providing valuable lessons on what to do and what not to do. Giving the RECs an active role to play in the AfCFTA process and preserving the achievements of the RECs in the negotiations helped to create and strengthen ownership of the process, in addition to fast-tracking it. ■

Prepared By

