

East African free trade negotiations in SA

To advance market access negotiations, last week South Africa hosted the 11th bilateral meeting between Trade Ministers of the Southern African Customs Union (SACU) and the East African Community (EAC) in Ekurhuleni, Gauteng.



The negotiations are being undertaken within the framework of the Tripartite Free Trade Area (TFTA). The TFTA comprises of SADC, COMESA and the EAC, and it was launched in Sharma el Sheik, Egypt in 2015. The TFTA sets the foundation for the establishment of a larger market comprising 26 countries with a combined population of nearly 625 million people and an estimated total Gross Domestic Product (GDP) of approximately US\$1.0 trillion.

The TFTA is anchored on the developmental integration approach, which recognises the complementarities between market integration, industrial development and addressing infrastructure constraints.

The TFTA is an important initiative in the implementation of the vision of regional integration that is aimed at ensuring that the Eastern and Southern African countries achieve higher levels of integration, particularly in market integration. The main benefit of the TFTA is a larger, and growing regional market that overcomes smallness of national economies, achieves economies of scale and is able to provide a basis for enhanced intra-regional trade.

Importantly, it also offers the opportunity to address supply side constraints through industrialisation, thereby improving the region's competitiveness both in its own markets and globally.

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Thus far the TFTA Agreement has been signed by 20 countries, with South Africa and Madagascar being the most recent countries to sign in July 2017.

The primary aim of the market access negotiations between SACU and the EAC is to provide commercially meaningful new markets to each side, to develop regional value chains and to enable SACU and the EAC to deepen integration.

Speaking on behalf of SACU, SA Minister Rob Davies underscored the importance of the negotiations providing new markets in important sectors such as automobiles, beef, wines and dairy products amongst others.

He noted that the EAC countries produce high quality products such as coffee, cut flowers and tea, amongst others. In her statement, Minister Amelia Anne Kyambadde of Uganda, speaking on behalf of the EAC, highlighted the importance of free trade between the two regions and the need to develop trade facilitating policies to underpin integration of trade among African economies.

The TFTA presents South Africa with an opportunity to further diversify the export base and to pivot towards more commercially meaningful new markets in Africa.

The Ministers agreed on the need to expeditiously conclude the negotiations before the end of 2017, to enable businesses to immediately benefit from the new market access. The Ministers agreed on a roadmap for conclusion of the negotiations by the end of 2017.

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