United Nations
Economic Commission for Africa

Integration in Southern Africa:

The role, prospects and progress of the Tripartite Free Trade Area

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Abbreviations

AfDB	African Development Bank
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECA	Economic Commission for Africa
GDP	gross domestic product
SACU	Southern African Customs Union
SADC	Southern African Development Community

Executive summary

The present study focuses on the development and conclusion of negotiations for the Tripartite Free Trade Area, which brings together the member states of the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC).

The launch of the Tripartite Free Trade Area, which took place on 10 June 2015 in Sharm-El-Sheik, Egypt, lent credence to a long process of negotiations that had begun in June 2011, and whose major outcome would be the creation of a grand free trade regime for 27 countries across Eastern and Southern Africa, brightening prospects for enhanced intraregional trade in sub-Saharan Africa.

The present study provides an extensive review and evaluation of the impact of the Tripartite Area and the role that it plays in deepening regional integration, to better inform and advise its member States. It takes stock of the progress made towards fulfilling Tripartite agreements by member States (with specific reference to the countries of the Southern African region) and identifies key milestones, challenges and opportunities.

The study reviews the implementation of the Tripartite Area and draws lessons for the realization of the grand pan-African dream of a Continental Free Trade Area, leading to an African Economic Community by 2028.

In line with the developmental approach to regional integration, the integration process of the Tripartite Area rests on three pillars:

- Market integration
- Infrastructure development
- Industrial development

Trade integration alone does not bring sufficient economic benefit, owing to the lack of capacity in many countries. Tripartite Area partners have been following a road map for the negotiation process that envisaged the completion of phase I, covering the liberalization of trade in goods, rules of origin and movement of business persons, by June 2014. Phase II of the negotiations, covering trade in services and other trade-related issues, will only commence after the conclusion of phase I negotiations. Negotiations on the three pillars of Tripartite Area are running concurrently, with discussions on infrastructure development even taking place prior to the Summit decision to move towards the creation of the Tripartite Area.

Progress on the negotiations under phase I has been slow. Outstanding work remains with regard to rules of origin and the tariff concessions that Tripartite member States should grant to one another. Member States have missed the deadline to finalize their bilateral negotiations, which should have been completed by the end of March 2017. Negotiations towards Tripartite rules of origin have also been significantly complicated because of the fundamental differences between the list rules or product-specific rules of SADC and the generic rules of COMESA and EAC.

Some critical negotiations that have not made progress encompass the movement of business persons, which is covered under a separate track of phase I. Although not yet prioritized, this remains key to the free movement of production factors. Thus, more remains to be done in this area. Major controversies surrounding visa issues are bound to remain protracted and a constraint to the free mobility of labour.

While the Agreement establishing a Tripartite Free Trade Area between COMESA, ECA and SADC has been signed by a total of 21 member States, mostly in 2017, to date there have only been two ratifications (by Egypt and Uganda). Moreover, 12 SADC member States have signed the Agreement but none have ratified it. This threatens the legal basis for moving towards phase II of the negotiations.

Some of the following challenges have been identified as posing significant risks to the Tripartite initiative:

- **Capacity constraints**

Limited capacity of regional economic community secretariats and member States to marshal the requisite technical capacity in order to drive the trade negotiations forward, in addition to a preoccupation with sovereign State interests at the expense of a regional agenda.

- **Tariff liberalization**

The unambitious tariff liberalization threshold of 60 to 85 per cent is lower than under the three regional economic community Free Trade Areas, and there has been a failure to respect fully the principle of the acquis. The different levels of development of the Tripartite member States also pose a significant challenge to the entire negotiation process.

- **Contradictory principles of the negotiations**

There is an apparent contradiction between some of the principles, notably when it comes to the issue of variable geometry, namely allowing those countries more capable of progress to move ahead and those countries less able to join them later.

- **Financial resources**

Funding of the negotiations has also been a great challenge and the situation has been worsened by the fact that funding for regional integration programmes and projects has largely been driven by donors or development partners and, therefore, has been unpredictable and unsustainable.

- **Role of the private sector and civil society organizations has been marginal**

Although the private sector has been an engine for economic growth, regional integration initiatives have tended to marginalize its participation. The private sector could provide strategic input towards designing the regional integration agenda and negotiating regional economic arrangements.

- **Technical capacity**

Technical capacity is required at the regional economic community level to support an effective work programme. This is also a big challenge at the national level, particularly in terms of negotiation skills.

- **Lack of uniformity of rules of origin standards and regulations**

Non-tariff barriers, for instance, remain a major challenge to liberalizing trade.

The results generated by the present study reinforce the benefits of full Tripartite implementation, which would provide a basis for participating countries to make progress on the regional integration agenda. Such implementation could trigger an industrialization wave across the subregion, making trade liberalization a lever to fulfil the strategic objective of the Tripartite industrial pillar, through structural transformation. Key beneficiary sectors include the agriculture sector, mining, metals, light manufacturing and processed foods. This could also provide scope for the deployment of a huge pool of reserve labour.

The establishment of a Continental Free Trade Area is a necessary first step towards deeper economic integration through, for instance, the creation of the African Customs Union and the African Economic Community.

To date the Continental Free Trade Area has adopted some of the best practices from the Tripartite Area. These include leveraging the same negotiating institutional structures to drive the negotiations at that level. The Continental Free Trade Area has also adopted a phased approach towards negotiating for free trade area provisions, as is the case with the Tripartite Area. Currently, however, Tripartite implementation is running behind schedule. That is likely to compromise its credibility and delay the implementation of its programmes.

The present study demonstrates that the path towards an accelerated pan-African economic integration presents formidable political, economic, legal and functional challenges. Intra-African trade has remained low, at 14 per cent in 2013, particularly compared with regions such as Asia or Europe. Global integration is ultimately a grand opportunity to refocus priorities and forge an agenda that will redirect regional production towards unlocking the continent's trade capacities.

In this context, the following recommendations are put forward for consideration:

- **Strengthen institutional mechanisms**

Southern Africa needs to strengthen national and regional capacity for the effective delivery of regional integration. The regional institutional capacities of regional economic communities are weak and lack the necessary enforcement and oversight powers to ensure follow-through in the implementation of agreed regional integration deliverables in countries. Monitoring and evaluation mechanisms should be developed and the capacities of the entities responsible for overseeing the implementation process should be strengthened.

The Tripartite Area must address the weak institutional capacity for negotiations at the country and regional economic community levels and ought to develop a comprehensive road map towards the next stage of integration, the Customs Union, and the development of regional value chains.

- **Provide for adequate safeguards and compensatory mechanisms**

Some Tripartite member States may be disproportionately affected by tariff reductions, rules of origin and trade remedies.

- **Put in place robust enforcement and dispute resolution mechanisms**

Member States level

Tripartite member States must address the lack of political will to share sovereignty by facilitating the establishment of strong, legally-based common institutions capable of overseeing the integration process. Countries belonging to regional economic communities associated with the Tripartite Area should address the issue of supranational status by empowering the secretariats of their respective communities to have certain levels of authority that are higher than those given to the State (as in the case of the European Union).

National structures should also be strengthened by establishing dedicated agencies to effectively preside over regional integration programmes, as oversight and enforcement mechanisms.

Harmonization of policies and legal and regulatory frameworks should be accelerated to facilitate the development of transboundary infrastructure and the movement of business persons and trade. Outstanding work should be expedited regarding the rules of origin and the elimination of non-tariff barriers.

Private sector engagement and civil society organizations

More space should be created for the private sector and for civil society organizations within regional integration arrangements, given that they are not only engines and anchors for growth, inclusivity and the green economy but they also provide checks and balances between the State, the executive and citizenry in national governance systems.

1. Introduction and context

1.1 Background and purpose of the study

"With over a billion inhabitants and the fastest growing population, the African market presents an enormous potential for development opportunities. The push for policymakers to view trade as a powerful driver for growth, regional integration as well as structural transformation is strong, and therefore, the last decades have witnessed a rapid shift towards sub-regional and regional preferential trade agreements in order to boost the economies on the continent" (ECA, 2017). As envisaged in the 1991 Abuja Treaty Establishing the African Economic Community, the African Union is on the road towards realizing the dream of creating a combined African market, through strengthening and supporting the momentum of regional economic communities as building blocks for the creation of the Continental Free Trade Area.

In seeking to accelerate the process of implementing the Treaty establishing the African Economic Community, African leaders sought in particular to strengthen and consolidate the regional economic communities as the building blocks of the African Economic Community and the African Union. This was captured in the Constitutive Act of the African Union, adopted by the thirty-sixth ordinary session of the Assembly of Heads of State and Government of the Organization of African Unity, as "... the need to accelerate the process of implementing the Treaty establishing the African Economic Community in order to promote the socio-economic development of Africa and to face more effectively the challenges posed by globalization."

One of the major landmarks of Africa's quest to create a larger continental market through regional integration was the conclusion of the negotiations for the Tripartite Free Trade Area, which was launched by the member and partner States of COMESA, EAC and SADC on 10 June 2015 in Sharm-El-Sheik, Egypt. COMESA has 2011 member States from Eastern and Southern Africa, EAC22 has six member States from Eastern Africa and SADC3 has 16 member States from the Southern African region.

The launch of the Tripartite Area lent credence to a long process of negotiations that began in June 2011. Its major outcome was the creation of a grand free trade regime for the 27 member states of the COMESA-EAC-SADC located in Eastern and Southern Africa. To date 214 of the 27 countries have signed the Tripartite Free Trade Area Agreement, which will come into force following ratification by at least 14 of the member States.

This regional integration initiative will expand the market size of the 27 countries to a population of 680 million people with a gross domestic product (GDP) of $1.4 trillion (2014), representing slightly more than half (52.5 per cent) of Africa's total GDP (Muzorori, 2017). This would constitute a very significant market and, collectively, the economy of the Tripartite Area would be the thirteenth largest in the world (Luke and Mabuza, 2015).

The launch of the Tripartite Area augurs well for expanding investment in infrastructure, enhancing connectivity and production linkages in regional value chains as a platform for scale economies, and improving backward and forward linkages into regional and global value chains.

1 COMESA was formed in 1994 and comprises the following member States: Burundi, Comoros, the Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, South Sudan, the Sudan, Swaziland, Seychelles, Uganda, Zambia and Zimbabwe (South Sudan joined in May 2016).
2 EAC member States: Burundi, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania.
3SADC member States: Angola, Botswana, Comoros, the Democratic Republic of the Congo, Lesotho, Madagascar,Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe (Comoros joined on 17 August 2017).
4 The following countries had signed the Tripartite Free Trade Area Agreement by October 2017: Angola, Burundi, Comoros, the Democratic Republic of the Congo, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, South Africa, the Sudan, Swaziland, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe.

According to the declaration signed in Sharm-El-Sheikh, the Tripartite Free Trade Area Agreement involves a developmental integration approach built on three pillars: industrial development, infrastructure development and market integration.

The Tripartite Area holds great scope for the expansion of intraregional trade, particularly given that current trade will shift towards a more diversified, higher proportion of regional intermediate value-added products. It is against this background that the Economic Commission for Africa (ECA) Subregional Office for Southern Africa, in partnership with the COMESA, EAC and SADC, commissioned an extensive study to evaluate the impact of the Tripartite Area and the role that it can play in deepening the regional integration of the Southern African region, in order to better inform and advise its member States.

1.2 Objectives of the study

The major objective of the present study is to take stock of the progress made towards the fulfilment of agreements by States members of the Tripartite bloc of COMESA, EAC and SADC, and to identify the key milestones, challenges and opportunities. Such comprehensive mapping of the current status of the Tripartite Area will help to identify the possible policy actions needed by member States and regional economic communities in order to guide strategies for further regional integration. As spelled out in the terms of reference, the specific objectives of the present study are to:

a) Discuss Tripartite mechanisms and the policy implications of membership;

b) Review the progress and status of Tripartite negotiations at the national and regional levels;

c) Assess the role played by Tripartite negotiations in deepening regional integration in Southern Africa and evaluate the potential future role of the Tripartite Area;

d) Analyse the potential opportunities and related threats with respect to Tripartite implementation in Southern Africa;

e) Assess the ratification and implementation of specific Tripartite agreements in Southern African States;

f) Provide recommendations on how Southern African States can accelerate implementation of Tripartite milestones for optimal benefits and highlight any potential risks and challenges;

g) Provide an assessment of how the experience of the Tripartite Area could feed into initiatives for the Continental Free Trade Area;

h) Make concrete national and regional level recommendations and suggest a way forward to foster the Tripartite implementation process in Southern Africa.

1.3 Methodology

The present study focuses on the COMESA-EAC-SADC Tripartite Free Trade Area, which consists of the States members of those three regional economic communities. The consultants employed both quantitative and qualitative analysis: secondary data was collected from various sources, including the websites of respective States, and those sources were enriched by additional resource materials from Europe, Latin America and Asia for benchmarking purposes.

The consultants critically reviewed publications from regional trade think-tanks and regional journals on trade and industry to gauge variances from or alignment with the Tripartite regional integration agenda. A critical review of the technical work undertaken by member States since the launch of Tripartite Area in June 2015 was also conducted.

This paper leverages the quantitative methodologies of recent authors to generate information on the impacts of various trade liberalization scenarios that are central to

Tripartite implementation. The researchers leaned heavily on a comprehensive review of the empirical research work done by others over the period from 2013 to 2017.

Recent work in this area has been comprehensively covered by various authors, including Willenbockel (2014), Ferreira and Steenkamp (2016), and Mold and Mukwaya (2017). The authors sought to establish the impact of the COMESA-EAC-SADC Tripartite Free Trade Area on the direction of trade, the impact on welfare, revenues and mobility, and the distribution of the gains of trade.

The authors utilized Computable General Equilibrium models that capture all sectors in an economy, while taking full account of economy-wide resource constraints and spillover effects across markets for goods and services. The results of these models can guide the choice of appropriate trade policy-related decisions for Tripartite member States. To strengthen primary data collection, the consultants benefited from the twenty-third session of the Intergovernmental Committee of Experts of Southern Africa meeting, held on 23 and 24 October 2017 in Bulawayo, Zimbabwe. During that session, a draft version of the present study was reviewed in detail at an Ad Hoc Expert Group Meeting. This provided a rich exchange of ideas with participants from the private and public sectors, academia, civil society organizations and various development cooperating partners.

2. Background to the Tripartite Free Trade Area of the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community

Regional integration is the process by which two or more States agree to work closely together to achieve peace, stability and wealth. The process usually begins with economic integration and may progress towards political integration or vice versa.

Promoting regional integration remains an important economic and political goal in Africa. By the time of the Lagos Plan of Action for the Economic Development of Africa (1980-2000), Africa had already seen the creation of the Southern Africa Development Coordination Conference, the Preferential Trade Area for Eastern and Southern African States, and the Economic Community of Central African States, as well as the strengthening of existing regional groupings such as the Economic Community of West African States, the West African Economic Community and the Central African Customs and Economic Union, most of which later became the first generation of African regional economic communities.[5]

In its decision AHG/Dec. 1(XXXVII) of July 2001, in Lusaka, the African Union Assembly reaffirmed both the status of regional economic communities as the building blocks of the African Union and the need for their close involvement in formulating and implementing all its programmes (Ndlela, 2003).

"Economic integration is the process by which different countries agree to remove trade barriers between them. Trade barriers can be tariffs (taxes imposed on imports to a country), quotas (a limit to the amount of a product that can be imported) and border restrictions. As the economies of the cooperating countries become completely integrated into a single market, there appears a need for common policies in social policy (education, health care, unemployment benefits and pensions) and common political institutions. This is political integration and its culmination occurs when the cooperating countries are so integrated that they share the same foreign policies and merge their armies" (McCormick, 1999).

Regional economic integration is especially important given the small size of most African countries and their economies. Dating back to the early 1970s, regional institutions have been identified as key "executive drivers" of development, with regional economic communities holding a significant position in terms of promoting regional economic integration in Africa.

Regional integration is essential for improving competitiveness, which is necessary for promoting greater production and industrialization, increasing the size of the regional markets, and reducing the transaction costs of trading for firms through trade facilitation initiatives and improvements in infrastructure. The recent policy focus builds on existing free trade areas in order to create a larger internal market, which could benefit from economies of scale and put African producers in a position to compete globally (ECA, 2017). One of the most compelling arguments for regional trade and integration in Africa is made on the basis that the African market is the most fragmented in the world, with only between 10 and 13 per cent of Africa's trade being with other African countries (Ferreira and Steenkamp, 2016).

The integration agendas of regional economic communities are aligned with and will contribute to the eventual attainment of Africa-wide continental agendas and initiatives, such as the

5 See Africa's Priority Programme for Economic Recovery 1986-1990. Organization of African Unity, 1985.

establishment of the Africa Economic Community and the attainment of African aspirations under the Agenda 2063: The Africa We Want, the New Partnership for Africa's Development and the Programme for Infrastructure Development in Africa, which are intended to achieve economic growth and sustainable development as well as improve the livelihoods and well-being of citizens of the subregions and the continent.

2.1 The Tripartite Free Trade Area of the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community

Over the years Africa has seen a proliferation of economic integration initiatives that have sought to reverse the colonial legacy of dependency on the West. The economic history of Africa is characterized by the partitioning of the continent into many small territories (colonies), which meant a fragmentation of markets across the continent. The mushrooming of regional economic communities in Africa has therefore been an attempt to address this legacy. Africa's regional economic communities are instrumental to strengthening economies and building resilience against global shocks (ECA, 2017).

African countries are separated by more than 100 bilateral borders, which constrains their trade and integration owing to the associated financial costs and related uncertainties (Luke and Mabuza, 2015).

The African Union recognizes the following eight regional economic communities:

a) Community of Sahelo-Sharan States;

b) Common Market for Eastern and Southern Africa (COMESA);

c) East African Community (EAC);

d) Economic Community of Central African States;

e) Economic Community of West African States;

f) Intergovernmental Authority on Development;

g) Southern African Development Community (SADC);

h) Arab Maghreb Union.

This proliferation of regional economic communities in Africa has led to a complex entanglement of political commitments and institutional burdens that have constrained integration in the continent (Ferreira and Steenkamp, 2016). Effective economic integration has been hindered by regional overlapping, varying degrees of integration progress and fragmentation as a result of competing interests.[6]

For instance, as shown in figure 1: all EAC members are members of COMESA, the members of the Southern African Customs Union (SACU) are all members of SADC, and there is overlap between SADC and COMESA member States and more importantly, between SACU, COMESA and EAC. The treaties and respective protocols of SADC, EAC and COMESA do not preclude members from maintaining prior trade arrangements or from entering into new ones (Swanepoel, 2011).

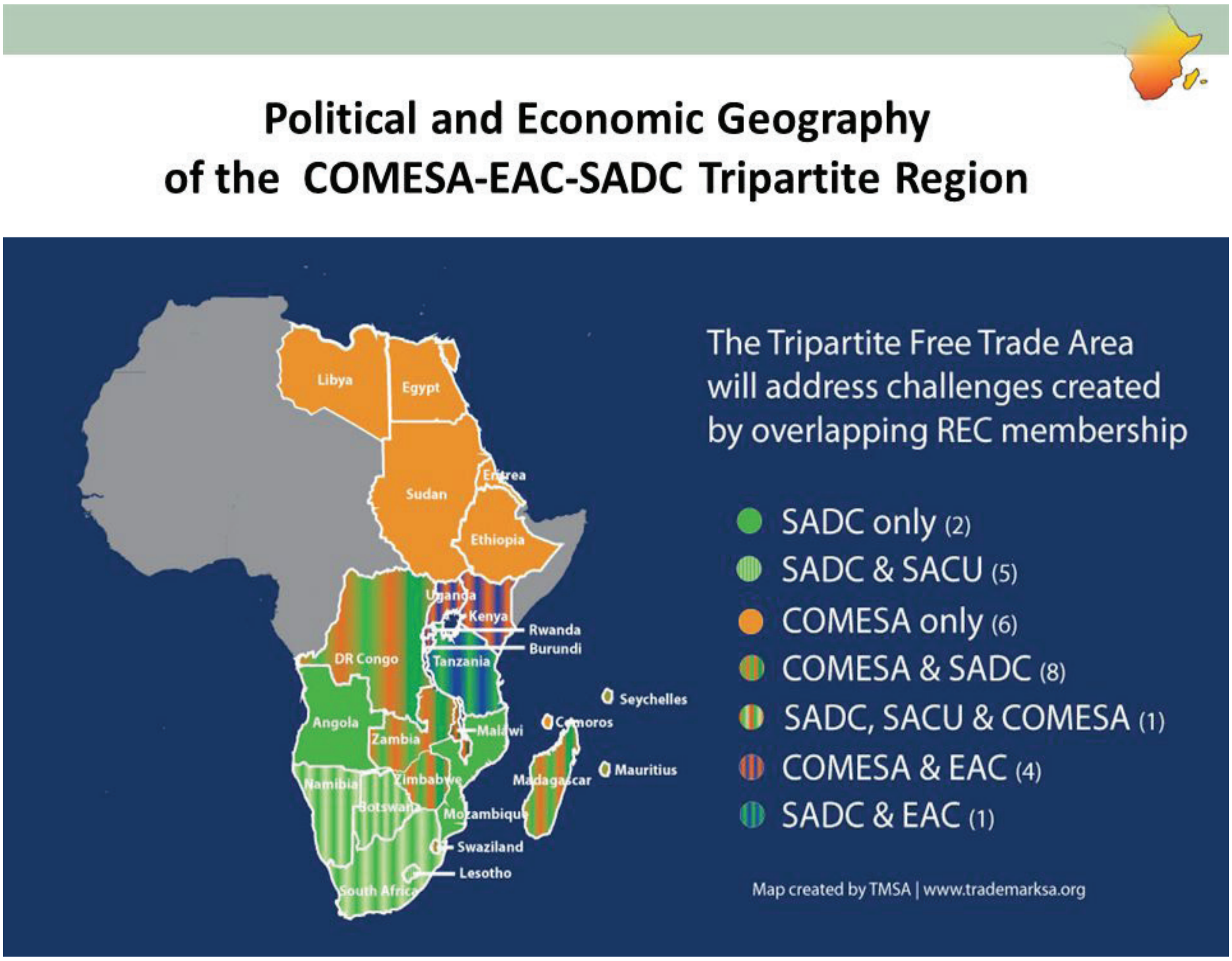
According to Swanepoel, this scenario implies that countries with multiple memberships should not seek individual exemptions but rather cooperate in efforts to negotiate new arrangements between the regional economic communities concerned. The author highlights the following as the most significant challenges posed by multiple memberships:

a) National negotiating capacities are overstretched;

b) Fees are high;

6 See www.tandfonline.com/doi/full/10.1080/10220461.2011.588826?needAccess=true.

Figure 1: Tripartite Free Trade Area geographical space



c) Conflicting membership loyalties hamper progress in implementing agreements and promoting deeper integration;

d) Different rules of origin impose costs on businesses and Governments in the case of free trade areas;

e) Regional trade is hampered by a lack of commitment to one regional trade agreement at the expense of another, resulting in the proliferation of non-tariff barriers;

f) As the system lacks credibility and is so unsustainable, it serves to highlight issues of market unpredictability.

By bringing together COMESA, EAC and SADC, the Tripartite Free Trade Area for Eastern and Southern Africa is therefore a bold step towards reversing this colonial appendage in the long term (see figure 1).

The Tripartite Free Trade Area comprises 27 countries and is envisaged to bolster intraregional trade by creating a large integrated market that will make its members more attractive as an investment destination, encourage the development of regional infrastructure and at the same time offer great scope for the exploitation of economies of scale and significant potential for global competitiveness.

Economic integration within the Tripartite Area seeks to leverage the individual and collective trade and development capacities of regional economic integration players from Eastern and Southern Africa. The Tripartite initiative offers scope for deeper market integration, providing access to a population of 680 million people, or some 57 per cent of Africa's population, with a total gross domestic product (GDP) of $1.4 trillion (2014) (see www.comesa.int and Muzorori, 2017).

The Tripartite Area is in line with the African Union plan that foresees the establishment of the African Economic Community through the consolidation of regional economic communities, a development that is envisaged to unleash enormous economic growth and development potential. The African Union agenda is currently focused on the ambitious initiative of boosting intra-African trade, which envisages a growth of such trade from 16 per cent to 25 per cent over the next decade, and the establishment of a Continental Free Trade Area by 2017.

This regional integration initiative could also provide an incentive for attracting both foreign and domestic investment targeting larger regional markets, thus promoting the growth of existing industries and encouraging business start-ups in the larger geographical space. The Tripartite Area is also envisaged to promote trade by creating a wider market, while anchoring prospects for an increase in investment flows among and outside the regional economic communities. The inherent prospects for enhanced scale economies will boost the competitiveness of the region in a globalized environment as a result of improved production.

It was underscored by the Heads of State and Government of COMESA, ECA and SADC at their first Tripartite Summit, held in Kampala, Uganda in 2008, that the Tripartite arrangement was "a crucial building bloc towards achieving the African Economic Community as outlined by the Treaty of Abuja".[7] Implementation of the Tripartite arrangement was therefore seen as a linchpin towards the realization of the Continental Free Trade Area and the African Economic Community. Similarly, in the area of trade, customs and economic integration, the Tripartite Summit approved "the expeditious establishment of a Free Trade Area encompassing the member/partner States of the three regional economic communities with the ultimate goal of establishing a single Customs Union".[8]

The Tripartite Free Trade Area was designed to harmonize and rationalize the programmes and policies of the regional economic communities and deepen cooperation among them. By harmonizing, synchronizing and coordinating their regional programmes, the Tripartite Area is envisaged to ease the challenges that arise from varying trade facilitation instruments among the regional economic communities. Pursuit of that activity is a strategic initiative to implement the decision of the first Tripartite Summit.[9]

The Tripartite integration process comprises market integration, infrastructure development and industrial development. This developmental integration approach recognizes the complementarities among the three pillars.[10]

2.2 Negotiation principles and processes under the Tripartite Free Trade Area

The plan to establish a Tripartite Free Trade Area among the member States of COMESA, EAC and SADC was endorsed by the region's respective Heads of State and Government at their first Tripartite Summit.[11] The Summit decision mandated member States of the three regional economic communities to commence negotiations for the Tripartite Free Trade Area. By December 2010, a revised draft agreement and annexes had been finalized, and on 12 June 2011, the Heads of State and Government of the three regional economic communities met on the occasion of the second Tripartite Summit, in Johannesburg, South Africa, and signed a declaration launching negotiations for the establishment of the Tripartite Free Trade Area.

The First Summit held in Kampala approved a wide-ranging programme of work based on the following three pillars:

Market integration: removing obstacles to trade in the region and enhancing intraregional trade.

7 Final communiqué of the COMESA-EAC-SADC Tripartite Summit of Heads of State and Government, 22 October 2008, Kampala.
8 Ibid.
9 Ibid. The Tripartite Summit agreed on a programme of harmonization of trading arrangements amongst the three regional economic communities, free movement of business persons, joint implementation of interregional infrastructure programmes as well as institutional arrangements on the basis of which the three regional economic communities would foster cooperation.
10 See www.engineeringnews.co.za/article/tfta-negotiations-to-conclude-by-end-2017-2017-09-15/rep_id:4136.
11Final communiqué of the COMESA-EAC-SADC Tripartite Summit of Heads of State and Government, 22 October 2008, Kampala.

This pillar involves policy harmonization and coordination among COMESA, EAC and SADC on programmes to deepen market integration, which include such issues as tariff rationalization, liberalization, rules of origin and the elimination of non-tariff barriers.

Infrastructure development: improving transport infrastructure, road, rail, air and border infrastructure in order to enhance connectivity and thus reduce the costs of trade.

Industrial development: addressing the productive capacity of the region through industrialization with a view to ensuring greater opportunities to reap economies of scale; greater competition; a more attractive internal market for investment (both foreign and domestic); and increased intraregional trade.

The Tripartite Area already plays a catalytic and symbolic role as the basis for the completion of the Continental Free Trade Area, with the aim of boosting trade within Africa by between 25 and 30 per cent within 10 years and ultimately establishing a continent-wide African Economic Community. While the scope of the Tripartite economy is wide, significant structural and policy issues remain. These include: a weak and slow implementation record on trade facilitation, poor infrastructure, high transaction costs and a low level of industrialization.

The Tripartite Summit set out a road map for the negotiation process that envisaged the completion of phase I, covering the liberalization of trade in goods, rules of origin and movement of business persons, by June 2014. Phase II of the negotiations, covering trade in services and other trade-related issues, will only commence after the conclusion of phase I negotiations. Negotiations on the three pillars of the Tripartite Area are running concurrently, with discussions on infrastructure development even taking place prior to the Summit decision to move towards the creation of the Tripartite Area. It was decided at the Summit that the free movement of business persons would be negotiated in parallel with, but on a separate track from, trade in goods.

2.2.1 Negotiation principles and modalities

Negotiations on the Tripartite Free Trade Area have been guided by the following principles, adopted by the Heads of States and Government of COMESA, ECA and SADC:

a) Negotiations should be driven by regional economic communities or member States;

b) Variable geometry;

c) Flexibility and special and differential treatment;

d) Transparency;

e) Building on the acquis of existing regional economic community free trade areas;

f) Single undertaking with regard to various aspects of the Agreement;

g) Substantial liberalization;

h) Non-discrimination through most favoured nation and national treatment;

i) Reciprocity;

j) Decision-making by consensus;

k) Use of best practices in regional economic communities, Tripartite member/partner States, and binding international conventions of Tripartite member/partner States.

The tariff liberalization negotiations were also guided by the following provisions:

- A tariff liberalization period of between five and eight years;
- A liberalization threshold of between 60 per cent and 85 per cent, with 15 per cent of tariff lines allowed as exclusions from liberalization.

2.2.2 Institutional framework for the Tripartite negotiations

The Tripartite institutional framework is derived from the memorandum of understanding signed by Tripartite partners in January 2011, which established a Tripartite coordination mechanism comprising the Tripartite policy organs (with the Summit of Heads of State and Government as the highest organ). Accordingly, the Tripartite institutional framework is as follows:

a) Tripartite Summit – the highest policymaking body;

b) Council of Ministers – the organ mandated to oversee and guide the negotiations;

c) Tripartite Sectoral Ministerial Committee on Trade, Finance, Customs, Economic Matters and Home/Internal Affairs – the organ designated to manage and supervise the negotiations;

d) Tripartite Task Force – comprising the secretariats of the three regional economic communities responsible for coordinating the negotiations;

e) Tripartite Committee of Senior Officials – a higher-level negotiating structure;

f) Tripartite Trade Negotiating Forum – an organ that has created four Technical Working Groups to assist with the technical work of the negotiations in the following thematic areas:

- Rules of origin
- Customs cooperation issues
- Sanitary and phytosanitary measures, technical barriers to trade and non-tariff barriers
- Trade remedies and dispute settlement to carry out technical work to backstop the negotiations

The same structure, with a slight modification of name from "Tripartite Technical Negotiating Forum" to "Technical Committee", will be used for the implementation of the Tripartite Area. The negotiating bodies, namely the Tripartite Technical Negotiating Forum and the Tripartite Committee of Senior Officials, have adopted their terms of reference, rules of procedure and schedule of negotiations.

As the Tripartite Free Trade Area currently has no independent secretariat, the burden is placed on the regional economic communities which have to work on a rotational basis to marshal the regional integration work programme. Despite this glaring institutional challenge, the current Tripartite arrangements have successfully organized the three regional economic communities to deliver on their regional mandate. This presents an excellent opportunity to strengthen integration among the member States in particular and at the continental level in general (Gobena, 2016).

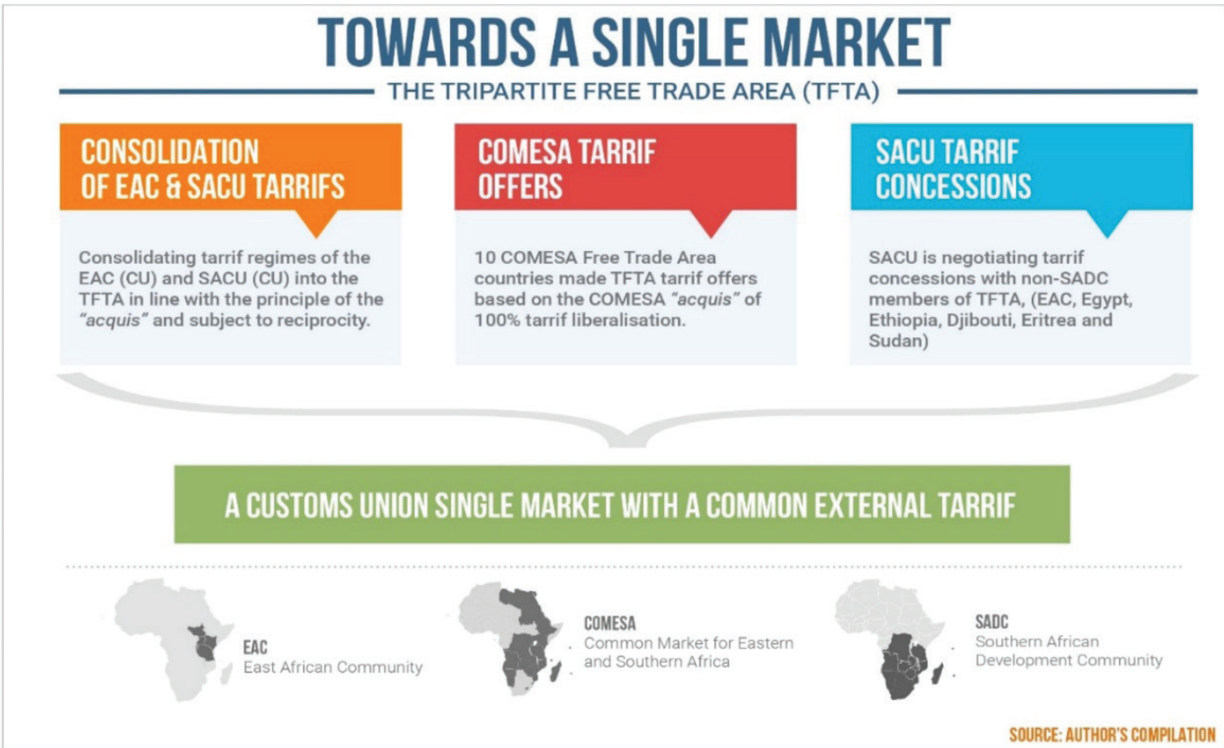
2.3 Status and progress of the Tripartite negotiations

2.3.1 Scope of the Tripartite negotiations

The road map to establish the Tripartite Free Trade Area is being implemented in two phases. The Tripartite Free Trade Area Agreement contains 45 articles and 10 annexes: tariff liberalization, disciplines on non-tariff barriers, rules of origin, trade remedies and dispute settlement provisions lie at the core of what was agreed. Other provisions include the elimination of quantitative restrictions, customs cooperation, trade facilitation, transit trade, infant industries and balance of payments (Luke and Mabuza, 2015).

- Phase I covers negotiations on trade in goods. It was agreed that these negotiations would last 36 months (from June 2011 to June 2014) and would specifically address the following topics: tariff liberalization (tariff offers); rules of origin; tariff and non-tariff barriers; customs procedures and simplification; customs documentation; transit procedures; technical barriers to

Figure 2: Prospects for a Single Market under the Tripartite Area



trade; sanitary and phytosanitary measures; and trade remedies and dispute settlement.

Negotiations on the movement of business persons are also taking place under phase I on a parallel but separate track, as directed by the Tripartite Summit.

- Phase II covers negotiations on trade in services and other trade-related issues, such as intellectual property rights, trade development and competitiveness. The negotiations on this phase will commence following the completion of phase I.

2.3.2 Progress on market integration negotiations

Based on the negotiation modalities on tariff liberalization agreed to by member/partner States in September 2013, the goal is to achieve 100 per cent liberalization of tariff lines, taking into account the security exceptions provided for under existing regional and multilateral agreements. This will be done by consolidating the tariff regimes of EAC, a customs union, and those of SACU, a subset of SADC member States, into the Tripartite Area. This approach is in line with the principle of building on the acquis[12] and is subject to reciprocity (Luke and Mabuza, 2015).

This approach is further reinforced by the fact that, within the context of the World Trade Organization, SACU notified the customs union under GATT Article XXIV, while EAC notified the customs union under the Enabling Clause and declared itself a common market in 2010" (Swanepoel, 2011).

This approach is also in line with the final communiqué of the COMESA-EAC-SADC Tripartite Summit of Heads of State and Government, issued on 22 October 2008, in which it was agreed to establish a single customs union beginning with a free trade area. It is further elaborated in figure 2, which captures how the movement towards a single market within the Tripartite Free Trade Area can build upon the current market integration initiatives in the three regional economic communities. Figure 2 also shows that, in addition to the 10 EAC and SACU member States, 10 COMESA member States participating in the COMESA

12 Building on the acquis is one of the negotiation principles for the Tripartite Free Trade Area. It means building on what has been achieved or agreed at the free trade agreement levels of the participating regional economic communities.

Free Trade Area made Tripartite tariff offers based on the COMESA acquis of 100 per cent tariff liberalization on a reciprocal basis (Luke and Mabuza, 2015).

Existing regional economic community agreements will not be reopened, but will be rolled into the Tripartite Free Trade Area; thus negotiations will only happen between those member States that do not yet have agreements with each other at their regional economic community level. For instance, according to the Department of Trade and Industry of South Africa, SACU is negotiating tariff concessions with non-SADC members of the Tripartite Area (notably EAC, Egypt, Ethiopia, Djibouti, Eritrea and the Sudan). In that regard, offers have been exchanged between EAC and SACU, as well as between SACU and Egypt, with the negotiations recorded as being in progress (Department of Trade and Industry, 2017).

The modalities provide for the liberalization of 60 to 85 per cent of tariff lines upon the entry into force of the Tripartite Agreement based on offers, while the remaining 40 to 15 per cent tariff lines were intended to be the subject of negotiations for liberalization, and were targeted for conclusion by 2014. The residual liberalization was intended to be implemented within five to eight years. This presents a challenge for countries that have fairly liberalized trade regimes (with more than 80 per cent of their tariff lines at 0 per cent for most favoured nations), particularly when it comes to the principle of building on the acquis (Luke and Mabuza, 2015). For instance, the Mauritius trade regime is already liberalized this way and the principle of building on the acquis requires Mauritius to continue liberalizing without making the other Tripartite States commit as much or at least requiring them to commit progressively. Thus, while countries were given until June 2016 to finalize their offers, to date this work remains unaccomplished. Thus far legal reviews of most annexes have been concluded and outstanding work will focus on listing the rules or product-specific rules of the Tripartite Agreement.

2.3.3 Progress on industrial development negotiations

The Southern African region's export capacity is still dominated by commodity exports, or semi-manufactured goods, reflecting weak industrial development. The predominance of primary agriculture and extractive sectors has no doubt compounded their vulnerability to cyclical terms of trade movements. According to the "SADC Industrialized Roadmap 2015-2063", SADC is "endowed with abundant and diverse natural resources" but its productive sectors do not practise value addition. In agriculture, SADC countries continue to export unprocessed agricultural produce, earning approximately 10 per cent of the potential value of the products.

Thus, the low level of industrial development constitutes a major limitation to the continent's potential to grow intraregional trade. Industrial development and diversification are essential to facilitate trade among African countries (ECA study, 2017).

The main objective of the industrialization pillar is to promote the development and strengthening of regional value chains, scaling up the production capacities of those regional industries with a high potential for backward and forward linkages, such as pharmaceuticals, mining and agro-processing. Negotiations on this pillar have been coordinated by the Tripartite Sectoral Ministerial Committee. In October 2016, the Committee approved the Framework for Cooperation and Roadmap, and the Work Programme of the Industrial Development Pillar. There is a need for the Tripartite Task Force to mobilize resources for the implementation of the Work Programme.

Industrialization imperatives of the Southern African Development Community and the Tripartite Area

The Regional Indicative Strategic Development Plan of 2003 has been a guiding template for the region's development thrust. The Plan was revised in 2015 for the period 2015–2020, front loading industrialization in its policy prioritization matrix ahead of trade and economic liberalization and development, as per the old scenario. The region's industrialization is focused on enhancing industrial development in the region, developing regional value chains and promoting value addition anchored in industrial cooperation, consolidation of the SADC Free Trade Area and the Tripartite Free Trade Area.

Under the revised Plan the strategy to deliver industrialization will involve developing and implementing regional value chains and promoting value addition in selected priority sectors. The process of repositioning the industrialization agenda for the region led to the SADC Industrialization Strategy and Roadmap (2015-2063) launched in August 2015. The Strategy has a long-term perspective and is aligned to national, regional, continental and international dimensions. It is anchored on three pillars, namely: industrialization as the champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration and geography as the context for industrial development and economic prosperity.

The SADC Industrialization Strategy is a key milestone for a region that has not made much progress on industrialization development over the years, despite that being an important component of the Regional Indicative Strategic Development Plan. This blueprint for industrialization is therefore intended to fill a developmental vacuum in the region, given its alignment to national policies and Agenda 2063. Premised on structural transformation, it seeks to reposition the region towards a defined production template that can help to reorganize the production system, harness local resource capacities and finalize the Tripartite Free Trade Area.

For its part, EAC adopted an industrialization strategy in 2011, entitled East African Community Industrialization Strategy (2012–2032).1313 The Strategy focuses on delivering structural transformation of the manufacturing sector through high value addition and product diversification, based on the comparative and competitive advantages of the Eastern African region. The Strategy also prioritizes the development of small and medium-sized enterprises by strengthening industrial linkages between large enterprises and micro, small and medium-sized enterprises.

The Strategy seeks to develop human skills to adequately resource the industrialization process, while seeking to create and strengthen the region's capacity for innovation and effective application of science and technology in industry. It also fosters a market-led approach with clear and transparent rules and processes for strategic and focused government intervention in critical areas (such as the correction of market failures and the provision of public goods and services).

The COMESA Industrialization Strategy for the period 2017 to 2026, adopted on 8 September 2017, is focused on key regional and national interventions to accelerate industrial development. It places emphasis on structural economic transformation for the creation of jobs and wealth in the region, resonating with both the SADC Industrialization Roadmap and the EAC Industrialization Strategy. It is therefore striking to note that while the SADC and COMESA strategies arrived later than the EAC strategy, they all are driven by one development template, a recognition of the need to strengthen local capacities and boost the prospects for regional production value chains. These developments strengthen the prospects for a Tripartite industrialization agenda in the medium to long-term, particularly given the convergence of their strategic thrusts.

2.3.4 Progress on infrastructure development negotiations

The main thrust under this pillar is investment in regional infrastructure to enhance the efficiency of internal trade and transport networks. The Tripartite Task Force, which is drawn from the secretariats of the three regional economic communities, drives this work stream. The Project Preparatory and Implementation Unit that provides technical support for the

13 See easteco.org/wp-content/uploads/2016/08/EAC_Industrial_Strategy-September-2012.pdf.

preparation of bankable infrastructure projects is now operational.

In order to facilitate trade and economic liberalization, as well as address regional supply-side constraints, there is a need to address key bottlenecks to trade and industrialization, in the form of non-trade barriers. This requires the provision of seamless transboundary infrastructure in such areas as transport, power generation, transmission systems, telecommunications and water supply and sanitation (Southern African Research and Documentation Centre, 2015).

Infrastructure development is envisaged to focus on addressing both physical and non-physical bottlenecks along the corridor. A major milestone in this area is the North-South Corridor, a flagship regional infrastructure and trade facilitation project from Durban to Dar-es-Salaam, with an eventual extension to Cairo. It comprises interrelated 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 SADC region has endorsed the approach, which has a direct impact on industrial development in the subregion and beyond. The development of regional value chains will also be a key component in the implementation of North-South Corridor projects and encourage local and regional sourcing of inputs required for the development of identified projects.

2.3.5 Movement of business persons

The instrument on the movement of business persons forms part of the Tripartite Agreement, as agreed on by Heads of State at the Second Tripartite Summit held in June 2011. Negotiations were to be managed and supervised by the Tripartite Sectoral Ministerial Committee on Trade, Finance, Customs, Economic Matters and Home/Internal Affairs. The instrum ent is being negotiated under phase 1 of the negotiations in a separate Committee and on a separate track, as agreed by Ministers during a meeting held in Bujumbura, Burundi, in October 2014. The negotiations will be conducted by the Tripartite Technical Committee on the movement of business person established by the Tripartite Sectoral Ministerial Committee in June 2013. The instrument is still being negotiated and the Tripartite Technical Committee has held six meetings to date (Department of Trade and Industry, 2017).

While the movement of business persons remains a key determinant of free movement of production factors, the Tripartite Free Trade Area still has more to do as major controversies surrounding visa issues are bound to remain protracted and a constraint on the free mobility of labour. This challenge must be addressed directly, given that the movement of business persons, workers and consumers (including tourists) is fundamental to effective integration, trade and industrial development. For instance, according to the African Development Bank (AfDB, 2016), only one African country, Seychelles, offers visas access to all 53 countries; only 15 countries offer visas on arrival to at least 22 other countries; and nearly 40 countries require visas before travel to at least 22 countries. As a “visa-free country” there are no visa requirements for any person wishing to travel to Seychelles. More information on this positive development, which has a profound impact on the movement of labour and capital, is provided in box 1.

Easing visa requirements has a major impact on tourism development, trade facilitation and investment promotion. It is therefore at the centre of inclusive growth and poverty alleviation. Seychelles has reaped positive returns from the relaxation of its visa requirements, which has boosted its tourism sector (AfDB, 2016). As a result, according to African Economic Outlook 2014, the country saw 7 per cent annual growth in international tourism arrivals between 2009 and 2014.

Box 1: Seychelles enjoys the fruits of a liberal visa free regime

Seychelles is the top-performing country on visa openness in Africa. It is the only country on the continent that offers visa-free access for all Africans. This fits into the country's wider visa policy, which does not require any international visitors to have a visa for entry. While the country opened up its visa regime unilaterally to African travellers, according to the Seychelles Ministry of Foreign Affairs and Transport nationals of Seychelles require a visa to visit 34 African countries, equivalent to over 60 per cent of the continent. As a result of opening up, countries such as Seychelles, Mauritius and Rwanda have seen a big impact on tourism, investment and financial services. Yet the rest of Africa largely remains closed, with Africans still needing visas to travel to over half of the continent. This goes against the continent's goal to truly become 'one Africa.' And still we know that it is the free movement of people, together with the free movement of goods, services and capital, which is the lifeblood that will sustain Africa's integration.

Global comparisons show that North Americans have easier travel access to the continent than Africans themselves. North Americans require a visa to travel to 45 per cent of African countries, can get visas on arrival in 35 per cent of African countries and don't need a visa in 20 per cent of African countries (McKinsey and Company, 2015). Free movement of people is not a reality across Africa. Central Africa and North Africa are the most closed regions. Good results in West Africa (Economic Community of West African States) are due to the free movement of persons protocol and in East Africa are as a result of the high number of visa-on-arrival policies.

2.4 Southern Africa's commitments under the Tripartite Free Trade Area

Implementation of the integration milestones has been delayed owing to capacity constraints in the SADC secretariat, resulting in postponements of the customs union, the common market and monetary union, (ECA, 2016). There have been delays by some countries in fully liberalizing tariffs, which has slowed down the pace of the Free Trade Area and held back all other significant targets. McCarthy (2007) blames this on a significant divergence on perspectives regarding the role of import tariffs, with some seeing these as an important source of revenue for Governments, while others consider them an important instrument of industrial policy to be used selectively to protect specific industries. In SADC, the establishment of a Free Trade Area in 2008 was hampered by the lack of implementation of agreed tariff reductions by countries such as Malawi and Mozambique, owing to revenue constraints (Hartzenberg, 2011).

The Southern African region has been actively participating in the Tripartite Free Trade Area, constituting 12 of the 21 countries that have signed the Tripartite Agreement to date. Since launch of the Tripartite Area in June 2015, technical work to facilitate the realization of the free trade regime has been under way.

Below are some examples of the progress made by subregion in its implementation efforts.

Exchange of tariff offers

Since the launch of the Tripartite Free Trade Area, ministers have met on at least two occasions and have set themselves timelines to finalize negotiations on outstanding issues. According to the agreed work programme, Tripartite member States were expected to finalize their bilateral negotiations by the end of March 2017, with their submission to the Tripartite Task Force by April 2017. However, so far no bilateral negotiations have been concluded, thereby delaying the updating of annex I on the elimination of import duties.

At the 7 June 2017 meeting of the Tripartite Sectoral Ministerial Committee in Kampala, Uganda, at which the outstanding annexes (except annex I) were adopted, Tripartite member and partner States were urged to finalize the negotiations and agree on tariff offer exchanges by 31 October 2017. However, no exchanges were finalized by that deadline, threatening progress on the Tripartite regional integration programme.

Outstanding annexes

Outstanding issues at the launch of the Tripartite Free Trade Area in June 2015 were in relation to annex I on the elimination of import duties, annex II on trade remedies and annex IV on rules of origin. Negotiations and legal reviews of the outstanding issues were finalized with respect to annex II, annex IV and annex X on the dispute settlement mechanism, and the annexes, with the exception of annex I, were adopted at the 6th meeting of the Tripartite Sectoral Ministerial Committee. Additional terms of reference on trade remedies and dispute settlements have been drawn up, a draft of which is now available and will be considered by the Technical Working group. Member States are still engaged in negotiations to finalize the exchange of tariff offers.

Rules of origin are key factors in determining whether trade agreements meet their objectives as they ensure that only eligible products receive tariff preferences (Brenton, Flatters and Kalenga, 2005). The annex on rules of origin was finalized, legally reviewed and adopted at the 6th meeting of the Tripartite Sectoral Ministerial Committee. While the annex on rules of origin has been finalized and adopted, negotiations are still ongoing to finalize an appendix covering most of the list of rules or product-specific rules of the Tripartite Free Trade Area.

The current negotiations towards Tripartite rules of origin have been significantly complicated because of fundamental differences between the list of rules or product-specific rules of SADC and the generic rules of COMESA and EAC (Gobena, 2016), particularly given that the SADC rules of origin are modelled on the European Union rules (Kalaba, 2009). In general, the limited progress made in this area shows how difficult it is to harmonize the rules of origin of the regional economic communities concerned. A model better suited to the regional conditions may be required (Gobena, 2016).

Signature and ratification of the Tripartite Free Trade Area Agreement

To date 21 of 27 member States have signed the Agreement, most having done so in 2017. Notable signatures include South Africa, which became the nineteenth country to sign the Agreement at the 6th meeting of the Tripartite Sectoral Ministerial Committee held on 7 July 2017 in Kampala, Uganda (Tralac, 2017). Madagascar became a signatory on 13 July 2017, becoming the twentieth country, and Mauritius acceded to the Agreement on 9 October 2017, becoming the twenty first country to have signed thus far.

Members unanimously agreed at the meeting held on 4 August 2017 in Uganda that that country was ready to begin implementation of the Agreement, which would open up a wider market for Ugandan products and services in 27 African countries. That decision paved the way for Uganda to formally ratify the Agreement. Egypt is currently the only other country to have ratified the Agreement. Table 1 provides a comprehensive status of the signatures and ratifications of the Tripartite Free Trade Area agreement to date.

While the SADC region accounts for 44 per cent of all signatures (12 SADC countries), no countries in the subregion have ratified the Agreement, which calls into question their commitment to the initiative. According to article 39 (3) of the Agreement, “the Agreement shall enter into force on the thirtieth day after the deposit of the fourteenth instrument of ratification by member/partner States of COMESA, EAC and SADC”.

Ratification challenges and legal implications

Phase I of the negotiations covers trade in goods, whereas other strategic areas of trade in services and intellectual property have been assigned to phase II. Furthermore, according to article 36 of the Agreement, all protocols and annexes resulting from the different phases of negotiations are intended to form an integral part of the Agreement in order for it to be deemed comprehensive. Thus, legally and in practice,

Table 1: Status of signatures and ratifications of the Tripartite Free Trade Area Agreement

	Country	Signed	Ratified
1	Angola	Yes	No
2	Botswana	No	No
3	Burundi	Yes	No
4	Comoros	Yes	No
5	Democratic Republic of the Congo	Yes	No
6	Djibouti	Yes	No
7	Egypt	Yes	Yes
8	Eritrea	No	No
9	Ethiopia	No	No
10	Kenya	Yes	No
11	Lesotho	No	No
12	Libya	Yes	No
13	Madagascar	No	No
14	Mauritius	Yes	No
15	Malawi	Yes	No
16	Mozambique	No	No
17	Namibia	Yes	No
18	Rwanda	Yes	No
19	Seychelles	Yes	No
20	Sudan	Yes	No
21	Tanzania	Yes	No
22	Uganda	Yes	Yes
23	Swaziland	Yes	No
24	South Africa	Yes	No
25	South Sudan	No	No
26	Zambia	Yes	No
27	Zimbabwe	Yes	No
	SADC	12 signatures	No
Total	26	21	2

Source: Comesa-EAC-SADC report, July 2017; Tralac publications.

only those States that ratify the Agreement will be formal parties and under a legal obligation to engage in phase II negotiations (Erasmus, 2015). The current performance record, in which 21 countries have signed and only 2 countries have ratified the Agreement, fails to provide a legal underpinning for negotiations to progress beyond phase I. This poses a threat to the momentum of the Tripartite agenda and its credibility in the short to medium term.

Gobena (2016) notes that, under the current circumstances, the Tripartite Agreement does not have any State with a legal commitment to go beyond the first phase of negotiations or a comprehensive trade agreement covering all three major areas. The two ratifications to date (Egypt and Uganda), implying a 14.2 per cent commitment to the initiative, therefore pose a significant challenge to the realization of the objectives of the Tripartite Free Trade Area.

Draft agreement on the movement of business persons

This draft agreement, which is being pursued separately on a complementary track, remains to be submitted for adoption. Unresolved issues include guiding principles, variable geometry, reciprocity, building on the acquis, the granting of visas upon arrival, periods of validity of multiple entry visas and the dispute settlement mechanism.

Phase II negotiations

Phase II negotiations were due to begin following the completion of studies on trade in services, the competition policy, intellectual property rights and investment issues. Technical work to guide the negotiations was undertaken with the assistance of the United Nations Conference on Trade and Development (UNCTAD) and will be key in determining the priorities. At the 7 June 2017 meeting of the Tripartite Sectoral Ministerial Committee, the Tripartite Task Force was instructed to convene a high-level consultative meeting, on the margins of the subsequent meeting of the Tripartite Committee of Senior Officials, in order to chart the way forward on phase II issues.

Pending issues including whether phase II issues relevant to the Continental Free Trade Area should be negotiated within that framework.

Industrial development pillar

A draft framework, work programme and road map for cooperation under this pillar have been approved. Fundraising is currently under way. AfDB is currently funding some aspects of the work programme.

Infrastructure development pillar

Work still to be done in this area includes setting the criteria for selecting projects for consideration under the work programme. Progress on this front is also being constrained by insufficient funding.

2.5 Challenges in the negotiations

The success of the European Union may be due to a long period of cooperation in productive and industrial endeavours, given that the current European Union was born out of the European Coal and Steel Community of just six countries (Ogedengbe, 2015). Today the European Union offers a mature integration profile that includes a common market, a common currency, and a coordinated foreign and security policy. Little of this can be seen in SADC, which makes it pursuit of an integration agenda more challenging. For a successful regional union, nations may therefore first need more collaboration in economic and industrial spheres.

Despite the stalling of regional integration in sub-Sarahan Africa, scope for specialized production built around competitive advantage is possible. The Tripartite Free Trade Area is a ‘half-way’ house towards the Continental Free Trade Area and Tripartite member States have taken bold steps towards empowering their three regional economic communities with a certain level of supranational status.

Below are some of the main challenges facing the Tripartite Free Trade Area.

Capacity constraints

Regional economic community secretariats and member States have a limited capacity to marshal the requisite technical capacity in order to drive the trade negotiations forward, and sovereign State interests can take precedence over the regional agenda. Some of these challenges may well separate most of SADC and COMESA member States from the European Union and, to a lesser extent, EAC, which have both demonstrated political maturity and stability in their pursuit of a free trading regime. Sadly, however, subregional integration schemes in Africa over the years have been seen more as ceremonial rather than as a practical means of achieving economic benefits (Ogedengbe, 2015).

This lack of success can also be blamed on challenges related to variations in levels of economic development across the subregion and limited diversity in revenue sources, with some countries relying heavily on trade taxes for development purposes. On the other hand, some countries have become liberal and hence much more open and less dependent on trade taxes, with the tariff regimes seen as part of a comprehensive industrial development policy framework used sparingly to cushion industries from competition. In the SADC context, this situation played out prominently during the build-up to the establishment of a Free Trade Area in 2008, with countries either taking the time to implement agreed tariff reductions or not doing so at all.

Some of the countries in this category are Angola, Malawi, Mozambique and Zimbabwe, with the latter for instance discretionarily implementing protectionist trade policies to raise revenues, despite commitments to liberalize regional trade espoused in its national development policy documents. The most recent case in point for Zimbabwe was the June 2017 introduction of tariffs and import-licensing measures for selected consumer products that triggered an outcry in neighbouring South Africa and Zambia. In most cases, tariff liberalization has been compromised by the resurgence of non-tariff barriers, further distorting intraregional trade in the subregion. Yet, in practice, when tariff liberalization is accompanied by other complementary trade-related reforms (e.g. the elimination of non-tariff barriers), investments in infrastructure can vastly reduce trade transactions costs, enabling member States to achieve both industrial transformation and enhance their competitiveness.

Tariff liberalization

The unambitious tariff liberalization threshold of 60 to 85 per cent is lower than under the three regional economic community Free Trade Areas, and there has been a failure to respect fully the principle of the acquis. The different levels of development of Tripartite member States also pose a significant challenge to the entire negotiation process. For instance, the Tripartite includes South Africa and Egypt, each a dominant economy within their respective regional economic communities, though the Tripartite also hosts economies such as Burundi and Seychelles, which are relatively weaker. These two countries were supposed to negotiate and liberalize their tariffs but have not done so (Gobena, 2016).

Contradictory principles for negotiation

There is an apparent contradiction between some of the principles, notably the issue of variable geometry, namely allowing those countries more capable of making progress to do so and those countries less able to join them later. However, the principle of decision-making by consensus resulted in slow progress because the countries that were not ready could not allow others to proceed.

Commitment to transparency

Transparency is critical when holding negotiations, striking trade-offs and making decisions. It requires high levels of integrity and good faith, without which exchanging information on strategic variables such as tariffs, non-tariff trade measures and other trade-related policies becomes a major challenge.

Financial resources

Funding the negotiations has also been a great challenge, given that there are four working languages in the Tripartite Area in which all documents need to be translated. The requisite infrastructure and human capital to support seamless communication cannot be underestimated for an effective negotiation outcome. In some cases, financial challenges limit member States' capacity to fulfil their regional obligations and, in extreme cases, countries opt to forgo participation in key meetings, thereby compromising the outcomes of the regional integration process. The situation is complicated by the fact that funding for regional integration programmes and projects has largely been driven by donors or development partners and therefore can be unpredictable and unsustainable.

Political will

There is limited political will among member States to facilitate the establishment of strong legal and regulatory institutions to oversee the integration process. Hartzenberg (2011) blames politics for the slow pace of integration in Africa, noting that while the political commitment maybe persuasive, it does not translate into effective implementation. To varying degrees, the implementation gap in COMESA, EAC and SADC can largely be explained by the domestic politics and lack of political will of their member States (Gobena, 2016). These factors can limit national commitments to regional economic initiatives.

Delays in the ratification and domestication of regional legal instruments by member States are common across regional economic communities, as is a failure to implement specific provisions of agreements, such as on tariff reductions. This has been observed in the case of SADC trade liberalization initiatives (Hartzenberg, 2011).

Internal political strife may also stifle a country's commitment to regional programmes. For example, in the eastern part of the Tripartite Free Trade Area, there is a protracted conflict in South Sudan and the Sudan, Somalia and the Great Lakes region (Ibrahim, 2014). In Southern Africa, two countries have relatively recently emerged from prolonged conflict (Angola and Mozambique) while a third (Zimbabwe) has managed to avoid overt conflict at the expense of chronic political and economic instability (Draper, 2010).

The private sector as a key player

Even though the private sector remains marginalized, its role in economic integration cannot be underestimated. Though regional integration is pursued by governments, the private sector is the one that gets affected negatively or positively by these economic integration initiatives, given that they ultimately make the micro-level investment and production decisions. For instance, the whole rules of origin debate currently at the centre of the SADC integration agenda has a lot to do with the organization of production systems in the region, implying an increasing role for the private sector.

According to Hartzenberg (2011), the participation of the business sector in the design of the regional integration agenda and in the negotiation of regional economic arrangements is the exception rather than the rule in Africa, with the SADC region being no exception. African regional integration arrangements are to a large extent still State driven, with scant input from the private sector and other stakeholders. Engaging the private sector in regional policy and strategy formulation will therefore build inclusivity into the regional economic integration agenda as well as its implementation.

Geopolitical interests

The geopolitical configuration of Africa has been largely determined by the continent's European colonial powers, and as such has little to do with the emergence of nation States (Hartzenberg, 2011). Former British colonies in the subregion have maintained strong trade relations with the European Union through the Lomé Conventions (excluding South Africa), enjoying preferential and non-reciprocal market access.

Currently, and guided by the Coutonou Agreement, the focus is on negotiating non-reciprocal trade with the European Union, giving rise to trade relations built around Economic Partnership Agreements since 2000. On the other hand, South Africa negotiated separately with the European Union for a bilateral trade agreement that excludes its SACU peers, Botswana, Lesotho, Namibia and Swaziland.

Zimbabwe negotiated Economic Partnership Agreements under the Eastern and Southern African configuration. It is one of the four pioneering countries from the region to have concluded and signed an Interim Economic Partnership Agreement with the European Union. Implementation of the Agreement commenced in May 2012.

South Africa belongs to the grouping known as BRICS (Brazil, Russian Federation, India, China and South Africa), and is thus pursuing a global development agenda with emerging countries, at the expense of its regional peers in SADC. For the sake of inclusivity, such economic development initiatives should be pursued at a regional rather than national level.

2.6 Southern Africa's trade flows with Tripartite Free Trade Area countries

2.6.1 Intra-Southern African Development Community trade dynamics

Previous studies have shown that intra-SADC trade has been growing, although skewed to a few SADC countries since the Community's establishment (Yabu, 2014). Chauvin and Gaulier (2002) indicated that the share of exports from SADC countries sold within the bloc stood at 0.9 per cent of the region's total trade with the rest of the world in 1980, but increased to 10 per cent in 1999, with such trade dominated at the time by South Africa and Zimbabwe.

On the import side, the study indicated that while 1.6 per cent of total SADC imports were supplied by SADC members in 1980, by 1999 the share amounted to around 10.2 per cent. A study also found that South Africa was a dominant economy that accounted for a large proportion of the imports by other SADC countries. According to their findings, in early 2000, about 59 per cent of intra-SADC imports were sourced in South Africa.

The trend in intra-SADC trade has been characterized by a continued sharp rise in commodity exports from the region to the rest of the world. According to a 2012 report by UNCTAD, exports from SADC countries are concentrated on destinations in European and other high-income markets of the Organization for Economic Cooperation and Development, though this concentration is diminishing. Exports of non-agricultural products to Brazil, the Russian Federation, India and China have increased significantly, especially between 2005 and 2010 (Yabu, 2014). The main export market for SADC countries is the European Union, followed by Asia and the United States of America, as shown in table 2. This picture has not changed much from the trade performance scenario that existed during the decade 2000-2010, when, according to SADC statistics,[14] the highest share of total

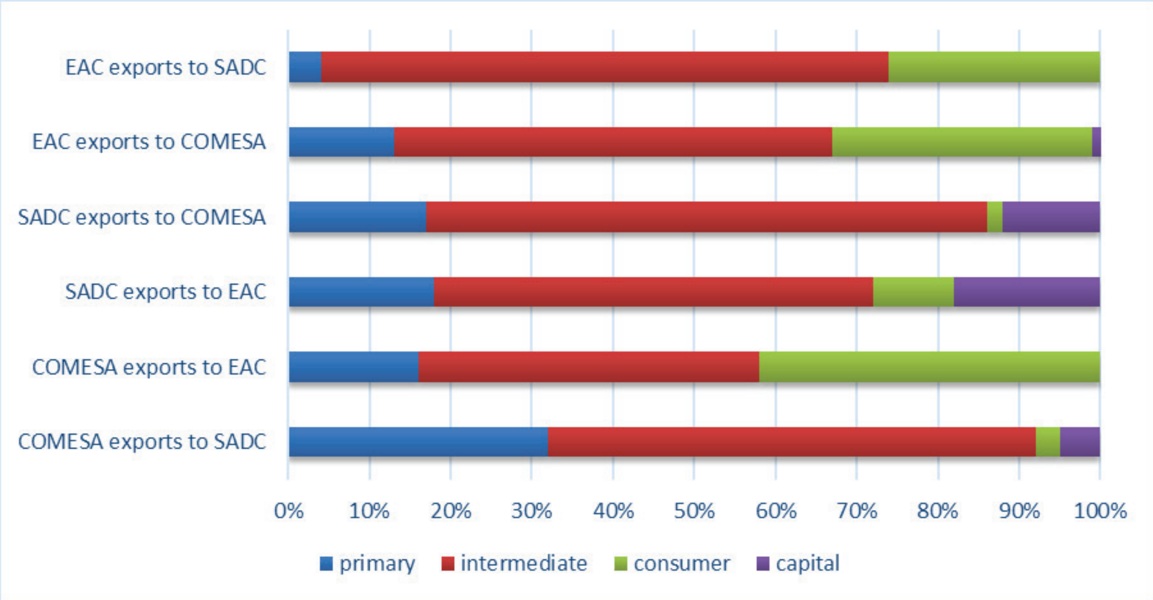
Table 2: Top export markets of the Southern African Development Community, 2012–2016

Importers	Exported value in 2012	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016
China	50,996,234	49,892,165	42,165,586	24,795,074	25,987,604
United States of America	15,543,075	13,026,790	10,578,642	7,890,718	10,091,162
India	11,599,252	11,675,000	11,377,797	8,439,211	8,689,493
Germany	4,715,047	4,418,798	5,011,416	4,849,615	6,135,159
Belgium	3,510,292	4,042,029	6,052,710	4,718,309	5,680,305
United Kingdom	10,076,969	8,897,107	4,870,135	4,814,248	4,246,510

Source: COMTRADE, 2017.

14 See www.sadc.int/about-sadc/overview/sadc-facts-figures/#taxrev.

Figure 3 between regional trading blocs, 2014–2016



Source: Comtrade, 2017.

SADC exports was to the Asia -Pacific market (45 per cent), followed by the European Union market (27 per cent) and the rest of Africa (3 per cent), while the intra-SADC share stood at 10 per cent.

Although the share of intra-SADC trade flows has remained relatively small, there is substantial informal cross-border trade within the region. Informal cross-border trading in agricultural and non-agricultural commodities between neighbouring SADC countries is an important economic activity in the intra-trade regime. Within SADC, it is estimated that informal trade could amount to $ 17.6 billion per year, representing 30 to 40 per cent of total intra-SADC trade (UNCTAD, 2013).

2.6.2 Southern African Development Community trade with other regional economic communities

Traditional exports of agricultural raw materials and minerals have continued to dominate intraregional trade between Africa's trading blocs. For most African countries, intraregional exports also tend to be concentrated in just a few products. Specialization in trade among African countries has also remained relatively limited despite regional trade liberalization. Regional integration has had limited impact on the structure of African exports and imports among the regional trading blocs as diversification into higher value-added manufacturing exports in the region has remained very modest.

Trade between the African regional blocs of COMESA, EAC and SADC has been highly skewed towards raw materials and semi-processed raw materials. Between 2014 and 2016 intraregional trade between SADC and COMESA averages show that over 80 per cent of SADC exports to COMESA were in either raw materials or semi-processed raw materials. Over 70 per cent of SADC exports to EAC also comprised primary goods and intermediate goods for the same period.

The undeveloped nature of manufacturing industries in Africa has continued to negatively affect the volumes of finished products that can be traded between countries. Figure 3 shows the structure of intra-regional economic community exports for EAC, COMESA and SADC using 2014–2016 trade data.

SADC imports and exports to and from other regional economic communities are mainly concentrated in intermediate goods. Tables 3, 4, 5 and 6 below show that SADC exports to EAC and COMESA have been falling, particularly for high value-added exports (manufactures), while imports are rising, giving a negative trade balance.

Table 3: Top 10 Southern African Development Community exports to the East African Community, 2014–2016 (thousands of United States dollars)

Harmonized System code	Product Description	2014	2015	2016
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply hot-rolled, not clad, plated or coated, of a thickness of < 3 mm, not pickled, without patterns in relief	200,504	149,979	136,710
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar containing added flavouring or colouring and raw sugar)	21,452	25,588	93,249
870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston engine “diesel or semi-diesel engine” of a gross vehicle weight <= 5 t (excluding dumpers for off-highway use of subheading 8704.10 and special purpose motor vehicles of heading 8705)	107,226	98,348	66,434
330210	Mixtures of odoriferous substances and mixtures, incl. alcoholic solutions, with a basis of one or more of these substances, of a kind used in the food and drink industries; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages	85,220	83,062	51,859
390210	Polypropylene, in primary forms	875	14,055	30,215
270112	Bituminous coal, whether or not pulverised, non-agglomerated	35,078	64,845	28,591
902830	Electricity supply or production meters, incl. calibrating meters therefor	27,767	8,459	24,712
720711	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon, of square or rectangular cross-section, the width measuring < twice the thickness	9,968	37,086	24,402
100510	Maize seed for sowing	90,571	19,113	23,002

Source: COMTRADE, 2017

Table 4: Top 10 Southern African Development Community imports from the East African Community, 2014–2016 (thousands of United States dollars)

Harmonized System code	Product Description	2014	2015	2016
‘300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses “incl. those in the form of transdermal administration” or in forms or packings for retail sale (excluding medicaments containing antibiotics, medicaments containing hormones or steroids used as hormones, but not containing antibiotics, medicaments containing alkaloids or derivatives thereof but not containing hormones or antibiotics and medicaments containing provitamins, vitamins or derivatives thereof used as vitamins)	51,505	35,715	64,967
‘271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	517,936	265,784	49,099

Harmonized System code	Product Description	2014	2015	2016
'110100	Wheat or meslin flour	42,449	40,182	44,237
'271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. losses" distil at 210°C "ASTM D 86 method" (excluding containing biodiesel)	316,111	170,130	39,390
'151190	Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	36,277	29,753	39,136
'240220	Cigarettes, containing tobacco	86,829	46,432	38,450
'340119	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent (excluding those for toilet use, incl. medicated products)	42,114	25,903	34,428
'252329	Portland cement (excluding white, whether or not artificially coloured)	49,816	42,161	32,483
'240290	Cigars, cheroots, cigarillos and cigarettes consisting wholly of tobacco substitutes	119,379	24,978	25,278
'100640	Broken rice	14,845	15,895	25,146

Table 5: Top 10 Southern African Development Community exports to the Common Market for Eastern and Southern Africa, 2014–2016 (thousands of United States dollars)

Harmonized System code	Product Description	2014	2015	2016
'271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	766,560	508,127	332,396
'271600	Electrical energy	95,604	105,601	321,057
'100590	Maize (excluding seed for sowing)	225,666	223,719	251,915
'271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	367,042	588,775	212,101
'870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	305,130	231,980	183,753
'732591	Grinding balls and similar articles for mills, cast (excluding such articles of non-malleable ...	23,738	12,139	160,874
'720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	173,908	178,950	153,810
'270119	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	176,184	112,465	123,919
'150710	Crude soya-bean oil, whether or not degummed	60,688	102,541	121,866
'740311	Copper, refined, in the form of cathodes and sections of cathodes	129,693	209,914	108,571

Source: COMTRADE, 2017

Table 6: Top 10 Southern African Development Community imports to the Common Market for Eastern and Southern Africa, 2014–2016 (thousands of United States dollars)

Harmonized System code	Product description	2014	2015	2016
'240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	815,114	860,890	896,530
'710813	Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	657,507	722,600	809,892
'330210	Mixtures of odoriferous substances and mixtures, incl. alcoholic solutions, with a basis of ...	446,905	408,752	427,927
'260400	Nickel ores and concentrates	354,436	218,399	293,549
'740200	Copper, unrefined; copper anodes for electrolytic refining	29	1,920	218,511
'740311	Copper, refined, in the form of cathodes and sections of cathodes	393,509	465,646	198,310
'710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	44,791	52,643	144,821
'382490	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	274,500	237,619	133,468
'170113	Raw cane sugar, in solid form, not containing added flavouring or colouring matter, obtained ...	148,322	126,337	120,546
'720241	Ferro-chromium, containing by weight > 4% of carbon	270,740	157,942	118,290

Source: COMTRADE, 2017

2.6.3 Southern African Development Community trade with the rest of the world

The European Union is the largest trading partner of SADC, with South Africa accounting for the largest part of European Union imports to and exports from the region. SADC is a net importer from the European Union, but a net exporter to the United States. SADC countries are strong in the exports of diamonds. These precious minerals constitute a large share of the exports of South Africa, Botswana and Namibia to the European Union. Other products from the region include agricultural products (beef from Botswana, fish from Namibia, sugar from Swaziland), oil from Angola and aluminium from Mozambique.

South Africa's exports to the European Union are much more diversified in comparison to its regional peers and range from fruit to platinum and from manufactured goods to wine. The European Union exports a wide range of goods to SADC countries, including vehicles, machinery, electrical equipment, pharmaceuticals and processed food. Trade has, however, been falling between SADC countries and the European Union. Between 2012 and 2016 SADC exports to the European Union fell by over 20 per cent. Table 7 shows the trade flows between SADC, its major trading partners and the rest of the world.

Table 7: Southern African Development Community trade with key trading partners, 2012–2016

Trade figures (thousands of United States dollars)					
	2012	2013	2014	2015	2016
Trade with the world					
Exports	218,267,245	215,383,101	204,315,928	147,661,865	142,480,183
Imports	203,977,840	208,249,348	205,292,091	168,095,619	136,804,945
Trade balance	14,289,405	7,133,753	(976,163)	(20,433,754)	5,675,238
Trade with the 28 European Union countries					
Exports	37,868,844	40,491,442	40,581,141	31,491,664	30,015,170
Imports	51,682,788	49,604,841	47,187,243	36,908,534	33,536,600
Trade balance	(13,813,944)	(9,113,399)	(6,606,102)	(5,416,870)	(3,521,430)
Trade with the United States of America					
Exports	15,543,075	13,026,790	10,578,642	7,890,718	10,091,162
Imports	11,936,091	9,865,418	10,500,587	7,829,503	7,285,594
Trade balance	3,606,984	3,161,372	78,055	61,215	2,805,568

Source: COMTRADE, 2017

2.7 Composition of Southern Africa's intra-trade with Tripartite Free Trade Area countries

According to Mold and Mukwaya (2017), current levels of intraregional trade are low in the Tripartite region. For COMESA, intraregional trade has been oscillating in recent years between just 5 and 10 per cent of total trade. For SADC, however, intraregional trade has actually been declining from the early 2000s (from around 15 to 11 per cent), principally due to the sharp rise in commodity exports from the SADC region to the rest of the world.

EAC has been more successful in maintaining a relatively high level of intraregional trade (between 18 and 20 per cent of total trade since 2008), but pointedly its share has grown significantly over the last decade. By 2014, intraregional trade within the Tripartite Free Trade Area accounted for just 16.7 per cent of the total trade of all Tripartite members.

On the African landscape, AfDB (2016) notes that intra-regional economic community trade has not been growing in recent times. In fact, most of the communities have been trading more with non-African countries, as shown in table 8. The table also shows that SADC had the highest intra-regional economic community exports in 2015 (at 19.5 per cent), followed by EAC (at 18 per cent). In the case of COMESA only 11 per cent of exports were traded in the region, while 82 per cent of its exports in 2015 went to non-African countries.

Table 8: Share of exports from Africa's regional economic communities to partner regions, 2012 and 2015 (percentage of total exports)

Regional economic communities (RECs)	Share of exports to: REC member countries 2012	REC member countries 2015	Non-REC member African countries 2012	Non-REC member African countries 2015	Non-African countries 2012	Non-African countries 2015
Southern African Development Community (SADC)	17.3	19.5	2.3	2.7	80.4	77.8
East African Community (EAC)	19.7	18.1	13.9	15.2	66.4	66.6
Economic Community of West African States (ECOWAS)	7.6	12.1	5.0	6.3	87.4	81.6
Intergovernmental Authority on Development (IGAD)	14.4	12.0	12.8	14.2	72.8	73.8
Common Market for Eastern and Southern Africa (COMESA)	7.6	11.7	3.4	5.6	89.0	82.7
Community of Sahel-Saharan States (CEN–SAD)	6.8	10.4	3.1	4.7	90.1	84.9
Arab Maghreb Union (UMA)	2.1	3.4	1.3	2.7	96.6	93.9
Economic Community of Central African States (ECCAS)	0.8	1.5	4.1	4.9	95.1	93.6

Source: Adapted from IMF data, http://data.imf.org/.

3. Empirical underpinnings for the prospects of the Tripartite Free Trade Area

The potential impact of the Tripartite Area on participating regional economic communities will be examined in this section, with the evaluation drilling down to the country and sector levels as well as micro-enterprise levels for a complete picture. Initial consideration had been given to using the Tariff Reform Impact Simulation Tool.[15] However, owing to time constraints, it was decided to review current empirical work by other researchers covering the period from 2013 to 2017.

Recent work in this area has been comprehensively covered by various authors, including Willenbockel (2014), Ferreira and Steenkamp (2016), and Mold and Mukwaya (2017). The authors sought to establish the impact of the COMESA-EAC-SADC Tripartite Free Trade Area on the direction of trade, the impact on welfare, revenues and mobility, and the distribution of the gains of trade following the implementation of the Tripartite Area. The authors utilized Computable General Equilibrium models that capture all sectors in an economy while also taking full account of economy-wide resource constraints and spillover effects across markets for goods and services.

These models provide a consistent account of the full flow of income in the economy, covering the entire production and distribution function from income generation and productive activities to the primary distribution of income and factors such as labour, investment, taxation, transfers and the use of the income for investment and consumption. Box 2 shows the application of the Computable General Equilibrium approach to the Tripartite trade regime.

The Computable General Equilibrium approach enables a consistent integrated predictive evaluation of sectoral production and employment impacts, aggregate income and welfare effects of changes in trade barriers while taking full account of the macroeconomic repercussions arising, for example from terms-of-trade effects, tariff revenue changes and intersectoral input-output linkages (Willenbockel, 2014).

15 This is an interactive Excel-based tool to simulate the short-term impacts of tariff reform on fiscal revenue, imports and protection and to indicate which sectors of the domestic economy are likely to be most affected in terms of output and employment. Its purpose is to allow policymakers to quickly evaluate the adjustment costs associated with trade policy decisions.

Box 2: **Application of the Computable General Equilibrium approach to the Tripartite Free Trade Area trade regime**

To elaborate on the potential significance of such general equilibrium linkage effects in the present context, for example a reduction of Tripartite country A's tariffs on imports from partner country B for a particular commodity X may reduce country A's domestic output of good X due to increased import competition. But domestic producers of another commodity Y in A that use good X intensely as intermediate inputs now enjoy lower unit costs and can profitably increase their output – an intersectoral linkage effect on the supply side.

Source: Willenbockel, 2014

Mold and Mukwaya (2017) make use of the Global Trade Analysis Project Computable General Equilibrium model and database to evaluate the economic impact of the proposed COMESA-SADC-EAC Tripartite Free Trade Area on 26 African countries. The authors measure the static effects of the establishment of the Tripartite Area on industrial production, trade flows and consumption.

The Trade Integration Index is also used to further elaborate on Africa's integration efforts. The African Regional Integration Index Report (2016) compiled by the African Union Commission, AfDB and ECA, measures the level of regional integration of the regional economic communities and their progress towards implementing their commitments under their respective integration frameworks. The index is built around five key socioeconomic categories (dimensions) that are crucial to Africa's integration. These dimensions are based on the operational framework of the Abuja Treaty.

3.1 Profile of intra-African trade dynamics

Although regional trade promotion has been successful in several countries in Asia and Latin America, results in Africa have been slow (UNCTAD, 2015), with only about 12 per cent of Africa's trade being intraregional compared with 22 per cent for South America, 40 per cent for North America, 52 per cent for Asia and 69 per cent for Western Europe (Juma and Mangeni, 2015).

Africa's goods trade with the rest of the world shot up from $197 billion in 1995 to $862 billion by 2015. Relative to food and other products, intra-African trade in manufacturing declined from 18 per cent in 2005 to about 15 per cent between 2010 and 2015 (AfDB, 2016). Despite growth during the past decade and relatively good performance, African economies lack industrialization and integration. Research evidence from the ECA, AfDB and the African Union Commission shows that recent growth has had no impact on the underlying structural design of these economies and to diversify its economies, the continent must reverse its dependence on merchandise exports dominated by raw and unprocessed commodities (ECA, 2015). The SADC region provides more details on these challenges, as shown in box 3.

The scenario has worsened the continent's terms of trade with the industrialized countries, implying exposure to global commodity price fluctuations, and hence instability in the continent's trade earnings profile as detailed in box 4.

For instance, petroleum exports from Africa to the rest of the world stood at $85 billion, yet Africa fuel imports from outside the continent ranged between $63 billion and $84 billion from 2010 to 2015. Despite these glaring disparities, Africa's prospects for deeper global integration has been heightened by the current policy thrusts towards consolidating regional economic community initiatives. The Tripartite initiative, which seeks to leverage existing regional economic communities in Eastern and Southern Africa, is a major variable in the quest for Africa's structural transformation.

Box 3: **Profile of production and trade in the Southern African Development Community, 2000-2014**[1]

For the period from 2000 to 2014 the mining and quarrying sector had the highest contribution to GDP in Angola (45 per cent), in Botswana (28.6 per cent) and in Namibia (13 per cent). The agriculture[2] sector was a major contributor to GDP in SADC member States such as the United Republic of Tanzania (31.6 per cent), Madagascar (27.6 per cent), Mozambique (26.2 per cent), Malawi (33.7 per cent) and the Democratic Republic of the Congo (24 per cent).

The agriculture sector is also significant to the economies of Zimbabwe (15.7 per cent) and Zambia (13 per cent). Commodities from the extractive sector dominate the region's exports. For the period 2009–2012 mineral oils, fuels and distillation products (Harmonized System 27), contributed over 36 per cent of SADC total exports, followed by precious minerals and stones (Harmonized System 71), contributing over 10 per cent. Leading agricultural commodity exports from the region include fruits and edible nuts (Harmonized System 08), and tobacco (Harmonized System 24), contributing just over 1 per cent respectively.

Angola had the largest share of commodity exports in merchandise exports, constituting 99 percent ($ 45,336 million) in 2009/2010 and 100 per cent ($ 69,785 million) in 2012/2013.[3] Angola's leading commodities are petroleum oil and oil from bitumen material which average 96 per cent of the total commodity exports for the period 2012-2014.[4] Apart from Angola, fuels also constituted a sizeable share of total exports in Mozambique (41 per cent), South Africa (16 per cent) and the Democratic Republic of the Congo (14per cent) in 2012/2013.[5] Mineral commodities also dominated exports in Botswana making up to 97 per cent of total exports in 2012/13, as well as in the Democratic Republic of the Congo (83 per cent), Zambia (80 per cent), Lesotho (85 per cent), South Africa 65 per cent and Namibia 66 per cent.[6]

Source: ECA (2017).

1 ECA study (2017).
2 Agriculture includes fishing, hunting and forestry.
3 UNCTAD 2014 State of Commodity Dependence Report.
4 AfDB African Statistical yearbook 2016.
5 UNCTAD 2014 State of Commodity Dependence Report.
6 Ibid.

Box 4: **Africa must use its resources to export new products**

Most African countries rely on unprocessed resource commodities for export revenues. A few countries, notably Egypt, Kenya, Mauritius, Morocco, South Africa and Tunisia, have incorporated some manufactured or semi-processed and relatively high technology products. But about 26 per cent of Africa's countries rely on one or two resource commodities for at least 75 per cent of their exports, while about 60 per cent rely on up to five commodities. With falling commodity prices, a narrow export base increases current account pressures for countries such as Angola, Chad, Congo, Eritrea, Guinea-Bissau, Nigeria. Libya, Sierra Leone and South Sudan which almost exclusively depend on a single commodity export.

Source: AfDB, 2016.

The Tripartite Free Trade Area will build on the subregion's regional economic communities, as the Continental Free Trade Area will build on all such communities in the African region. However, the effectiveness of these agreements will depend on the depth of integration in each of the regional economic communities (UNCTAD, 2016). If properly designed, and implemented, intraregional trade has the potential to contribute to sustained growth, poverty reduction and inclusive development (Ferreira and Steenkamp, 2016).

3.1.1 Gauging the integration potential of the Tripartite Free Trade Area: The Trade Integration Index

The Africa Regional Trade Integration Index (see figure 4) is one of the results-based tools used by the African Union under the Minimum Integration Programme to assess progress in regional integration. Through the Index, the African Union Commission, AfDB and ECA are able to closely monitor delivery of the continent's integration goals. The Index is a dynamic and evolving tool that tracks how the continent's eight regional economic communities, and countries within each regional economic community, are doing on regional integration overall and by priority areas (African Union, AfDB and ECA, 2016).

The scoring is based on a range of 0 (low) to 1 (high), and focusing on regional integration, the Tripartite regional economic community scores are shown under table 1, with the EAC at 0.78 performing exceptionally well ahead of COMESA, 0.572 and SADC, 0.508.

EAC does well across all regional integration parameters listed in table 9 and, as shown in figure 3, with the exception of financial and macroeconomic integration. On balance, all Tripartite regional economic communities perform well on trade integration, recording at least 0.5. The regional average of 0.62 for the Tripartite bloc is a testimony to the long outstanding history of prioritization of integration initiatives in sub-Saharan Africa. Lower scores are recorded on financial and macroeconomic integration for the Tripartite Area, with an average score of 0.3 for the bloc, and EAC recording the lowest level of 0.156. This is no coincidence, given the limited progress on currency convertibility, and weak coordination of macroeconomic policy management in member States.

COMESA region: On a country by country level, in COMESA, Egypt was the top contributor to wealth creation, contributing 35 per cent to COMESA GDP, and scoring fourth on regional integration. The Sudan and Libya are respectively

Figure 4: Africa Regional Integration Index's five dimensions

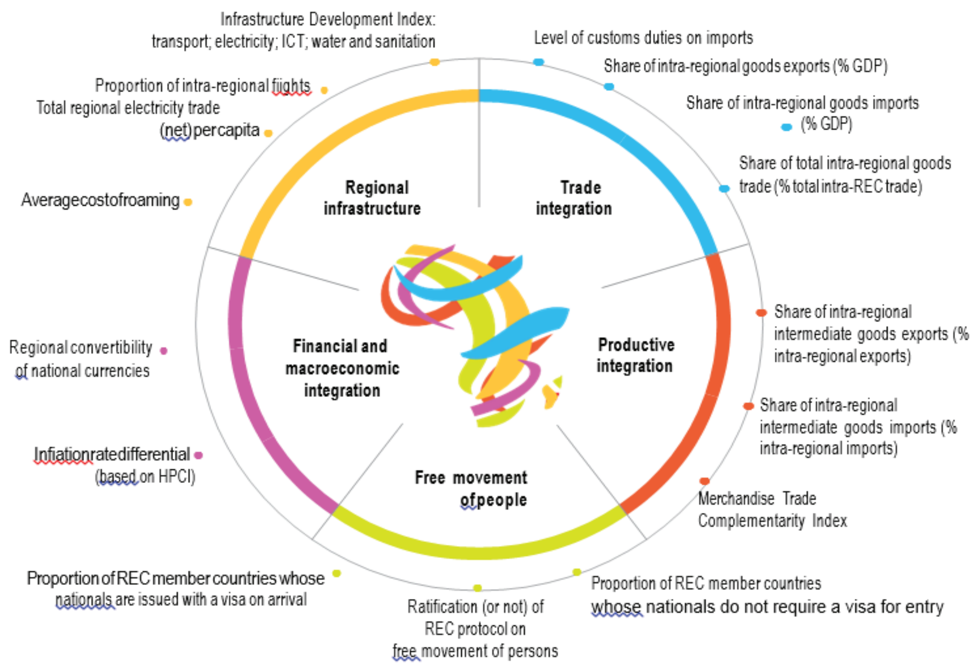


Table 9: Summary of the African Regional Integration Index Report for COMESA, EAC and SADC

RECs	Trade integration	Regional infrastructure	Productive integration	Free movement of people	Financial and macroeconomic integration
COMESA	0.572	0.439	0.452	0.268	0.343
EAC	0.780	0.496	0.553	0.715	0.156
SADC	0.508	0.502	0.350	0.530	0.397
Average for COMESA, EAC and SADC	**0.62**	**0.479**	**0.451**	**0.504**	**0.298**

Source: Compiled from the African Regional Integration Index Report (2016)

the second and third contributors to the creation of wealth in COMESA, though they are not top performers on the integration front. The Index may be biased and influenced by the size of the economies rather than the density of wealth creation, which must give small States like Mauritius an edge over these larger economies. However, it still provides an objective basis to gauge key integration parameters across the regional economic communities.

EAC region: Kenya and Uganda are the top contributors to GDP, at 39 per cent and 29 per cent respectively.

SADC region: South Africa represents 61 per cent of regional GDP and ranks first in the overall index.

In view of these indicators, the Tripartite Free Trade Area should streamline the individual regional economic community programmes currently under implementation, such as in regional trade, infrastructure development and economic development, to maximize Tripartite programmes (Ferreira and Steenkamp, 2016).

3.1.2 Quantitative results - the Decision Support Model to measure market potential and supply capacity in the Tripartite Free Trade Area

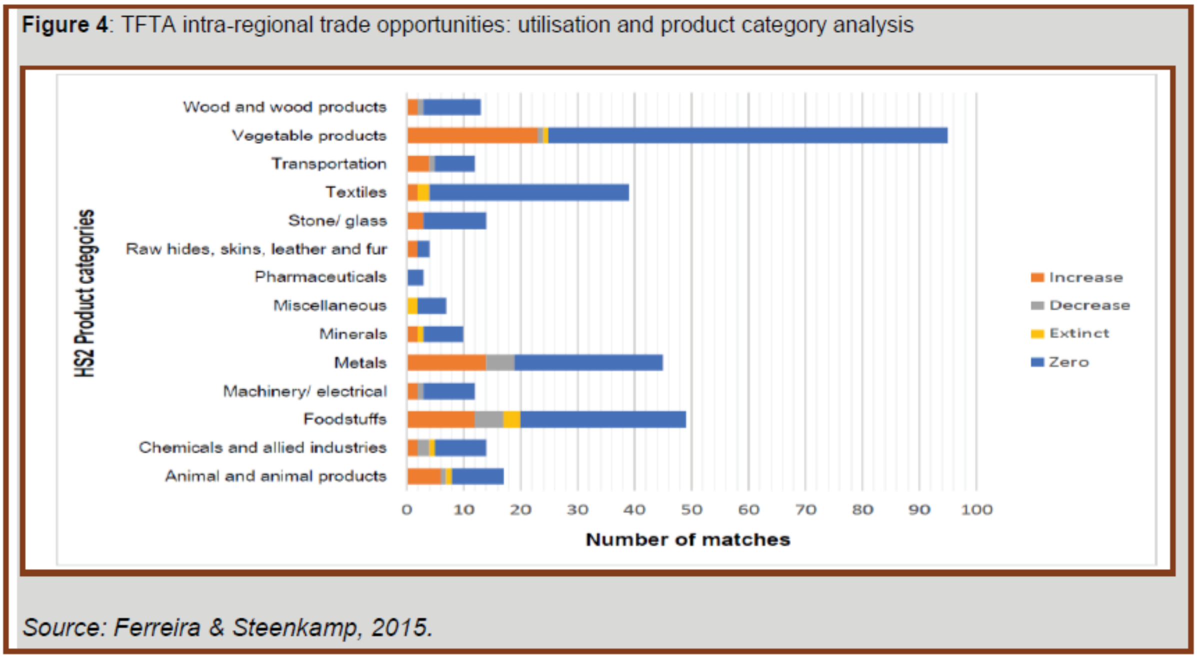
Ferreira and Steenkamp (2015) evaluate the impact of the Tripartite Area on member States' import demand and export capacity based on a Decision Support Model, developed by Cuyvers et al. (1995), Cuyvers (1997) and Cuyvers, Steenkamp and Viviers (2012). The model uses a filter to determine in which products the Tripartite countries exhibit sufficient short-term and long-term growth potential and import demand (market size), based on import data per product-country combination using the Harmonized System 6-digit[16] level covering the period 2010–2014. The model uses the "revealed" export capacity for Tripartite countries, based on the Revealed Comparative Advantage tool (Balassa, 1965), to complete the market demand and supply framework.

The Revealed Comparative Advantage calculates the relative specialization of a country in the production of a specific product by dividing the product's export share of the country's total exports by the product's share in world exports (Jessen and Vignoles, 2004), hence providing a proxy for gauging the country's export capacity and competitiveness.

The import demand and export supply was then matched to arrive at importer-product-exporter combinations (referred to as matches) with regional trade potential, with this evaluated against actual exports over the same period (Ferreira and Steenkamp, 2015).

16 The CEPII BACI database for the period 2010-2014 was used for the model, and the only challenge was that the database fails to disaggregate the SACU trade picture, hence Botswana, Lesotho, Namibia, South Africa and Swaziland were lumped together. for the period 2010 to 2014 (CEPII, 2015). This problem was, however, resolved through use of United Nations Comtrade data that was able to settle for a disaggregated level for the SACU import data.

Figure 5: Tripartite Free Trade Area intra-regional opportunities: utilization and product category analysis



Source: Ferreira & Steenkamp, 2015.

Potential export supply capacity and import demand dynamics

The model results reveal 334 matches among the 26 Tripartite countries, with 74 of these showing a bilateral trade relationship that has existed over time, that is status quo related trading patterns as shown in figure 4. In their interpretation of the results, the authors further observe that 17 matches declined while 11 matches had become irrelevant or extinct altogether. A total of 232 newly established matched opportunities between Tripartite countries are not being utilized (extensive margin). The results also reveal that out of the 334 intraregional trade opportunities, the top 5 products with export potential for Tripartite countries are: (1) Vegetable products; (2) Foodstuffs; (3) Metals, (4) Textiles; and (5) Animal and animal products.

The results further reveal that the top five product categories for the 232 newly created opportunities are: (1) Vegetable products; (2) Textiles; (3) Foodstuffs; (4) Metals; and (5) Stone/glass. The findings demonstrated some of the trade opportunities that are currently being exploited, though this is not happening optimally, implying a high degree of under-utilization. Figure 5 provides even more clarity to the analysis, and based on the Harmonized System-2 level product categories, the greatest demand in the Tripartite Area is recorded for vegetable products, foodstuffs, textiles and metals.

In their deeper interpretation of the results Ferreira & Steenkamp (2015) observe that Angola is the biggest importer out of the list of 20 top importing countries, with a weighted average import value of $436,627,317 (annex I). Angola is the most prominent in terms of import demand, with a weighted average import value of $871,473,800, followed by Mozambique and Zambia, which registered $216,832,900 and $111,311,700, respectively. Focusing on the export supply side of the equation, South Africa is the most dominant market player in the region, accounting for more than 50 per cent of this import demand (export supply capacity), and vegetable products and metals are the goods supplied. It is also revealed that the pattern confirms the overlap between SADC and COMESA in terms of members for the regional economic communities.

Focusing on the 17 matches that represent a decline in trade as shown in table 10, the most significant drop in trade was identified to be in the machinery/electrical, metals and transportation sectors product categories. This confirms the African paradox to development, the same reason why most countries in the continent and the regional economic communities fail to

Table 10: Importer-product-exporter matches where trade has declined, 2010–2014

Importer	Product	Product description	Exporter	Weighted average import value (thousands of United States dollars)
Angola	840999	Engines; parts for internal combustion piston engines (excluding spark-ignition)	Namibia	47 564.30
Egypt	721990	Flat-rolled prods. of stainless steel, of a width of 600mm/ more, not elsewhere specified in heading no. 7219	South Africa	37 219.23
Tanzania	871631	Tanker trailers & tanker semi-trailers	Kenya	32 860.92
South Africa	230610	Oil-cake & other solid residues, whether or not ground/in pellets, from the extraction of cotton seed oils	Zimbabwe	28 340.88
Mozambique	481910	Cartons, boxes & cases, of corrugated paper/paperboard	Zimbabwe	16 131.51
South Africa	722880	Hollow drill bars & rods of alloy/non-alloy steel	Botswana	14 042.42
Uganda	170410	Chewing gum, whether or not sugar-coated	Egypt	10 642.21
Angola	330520	Preparations for permanent waving/straightening the hair	South Africa	9 812.11
Angola	30420	Fish fillets, frozen	Namibia	4 650.92
Ethiopia	722880	Prepared glues & other prepared adhesives, not elsewhere specified in 35.06	South Africa	4 124.56
Zimbabwe	730490	Tubes, pipes & hollow profiles, seamless, not elsewhere specified in heading 7304	South Africa	2 999.67
Libya	120999	Seeds, not elsewhere specified, of a kind used for sowing	Egypt	1 305.57
Kenya	200799	Preparations of fruit (excl. citrus fruit; excl. homogenized)	Egypt	8 23.34
South Africa	200990	Mixtures of juices, unfermented & not containing added spirit, whether or not containing added sugar or other sweetening matter	Botswana	344.60
South Africa	200990	Mixtures of juices, unfermented & not containing added spirit, whether or not containing added sugar or other sweetening matter	Swaziland	344.60
Zambia	721934	Flat-rolled prods. of stainless steel, of a width of 600mm or more, cold-rolled, of a thickness of 0.5mm or more but not exceeding 1mm	South Africa	217.39
Madagascar	721924	Flat-rolled prods. of stainless steel, of a width of 600mm or more, hot-rolled (not in coils), of a thickness of less than 3mm	Zimbabwe	56.83

Source: Ferreira and Steenkamp, 2015

Table 11: Importer-product-exporter matches where trade has become extinct, 2010–2014

Importer	Product	Product description	Exporter	Weighted average import value (thousands of United States dollars)
Zimbabwe	260500	Cobalt ores & concentrates	Congo	87 978.60
South Africa	40630	Processed cheese, not grated/ powdered	Egypt	15 305.82
Mozambique	940360	Furniture; wooden, other than for office, kitchen or bedroom use	Egypt	14 211.00
Zimbabwe	210390	Sauces & preparations; mixed condiments & mixed seasonings	Botswana	7 559.83
South Africa	210130	Chicory, roasted & other roasted coffee substitutes; extracts, essences & concentrates thereof	Botswana	5 104.68
Libya	200510	Vegetable preparations; potatoes, prepared or preserved otherwise than by vinegar or acetic acid, frozen	Egypt	1 456.97
Mozambique	91099	Spices, not elsewhere specified	Kenya	1 351.44
Tanzania	950490	Articles for funfair/table/parlour games (excl. playing cards), including printables, tables for casino games, bowling alley equipment, not elsewhere specified	Kenya	963.83
Zimbabwe	610610	Women's/girls' blouses, shirts & shirt-blouses, knitted or crocheted	Mauritius	604.14
Zimbabwe	610442	Women's/girls' dresses, knitted or crocheted, of cotton	Mauritius	253.00
Kenya	380910	Finishing agents, dye carriers to accelerate the dyeing/fixing of dyestuffs, other products and preparations, used in textile, paper, leather etc. industries	Egypt	72.56

Source: Ferreira and Steenkamp, 2015.

meet trading partner import demand, in sectors such as machinery, electrical or transport. This is explained by the lack of product diversity, with the countries exhibiting the same production structures. This keeps African countries dependent on trade with the rest of the world (ECA, 2012). According to UNCTAD (2013), African countries have been experiencing significant deindustrialization since the 1990s, causing a decline in both intraregional and global trade over the past two decades. The purpose of the Tripartite Free Trade Area is essentially to help breakdown the trade barriers, open up opportunities for regional trade and give access to new markets and investment opportunities (Ferreira and Steenkamp, 2015).

Table 11 shows the top 20 matched trade opportunities (an extraction from the 232 matches in figure 4 for illustration) that currently are not being exploited within the Tripartite Free Trade Area because products in which they have specializations are still being sourced from outside the region. This reflects a lost export opportunity and thus a leakage of revenue from the Tripartite Area during the period 2010–2015, as import demand is diverted to an extra-

Table 12: Top 20 importer-product-exporter matches with zero trade (new intraregional trade opportunities), 2010–2014

Importer	Product	Product description	Exporter	Weighted average import value (thousands of United States dollars)
Angola	110100	Wheat/meslin flour	Lesotho	218 712.30
Angola	110100	Wheat/meslin flour	Mauritius	218 712.30
Angola	160100	Sausages & similar products of meat/meat offal/blood; food preps. based on these products	Kenya	142 947.51
Angola	160100	Sausages & similar products, of meat/meat offal/blood; food preparations based on these products	Lesotho	142 947.51
Egypt	210690	Food preparations, not elsewhere specified	Botswana	115 860.51
Egypt	210690	Food preparation, not elsewhere specified	Lesotho	115 860.51
Angola	150790	Soya bean oil, other than crude, & fractions thereof, whether or not refined, but not chemically modified	Egypt	97 082.66
Zambia	260500	Cobalt ores & concentrates	Congo	87 978.60
Libya	151529	Maize (corn) oil, other than crude, & fractions thereof, whether or not refined, but not chemically modified	Kenya	84 507.76
Angola	30379	Fish, not elsewhere specified, frozen (excl. fillets, livers, roes and other fish meat of heading no. 0304)	Kenya	75 855.72
Angola	30379	Fish, not elsewhere specified, frozen (excl. fillets, livers, roes and other fish meat of heading no. 0304)	Seychelles	75 855.72
Angola	110220	Cereal flour, of maize (corn)	Lesotho	60 057.82
Angola	841830	Freezers of the chest type, not exceeding 800 l capacity	Botswana	50 561.58
Angola	841830	Freezers of the chest type, not exceeding 800 l capacity	Lesotho	50 561.58
Angola	840999	Engines; parts for internal combustion piston engines (excluding spark-ignition)	Botswana	47 564.30
Angola	110313	Groats/meal of maize (corn)	Botswana	44 598.89
Angola	110313	Groats/meal of maize (corn)	Lesotho	44 598.89
Congo	730410	Line pipe, seamless, of iron (excl. cast iron)/ steel, of a kind used for oil gas pipelines	South Africa	40 634.74
Angola	620342	Men's/boys' trousers, bib & brace overalls, breeches & shorts (not knitted or crocheted)	Egypt	38 345.41
Angola	620342	Men's/boys' trousers, bib & brace overalls, breeches & shorts (not knitted or crocheted)	Kenya	38 345.41

Source: Ferreira and Steenkamp, 2015

regional/territorial supplier instead of enhancing regional production capacities.

This study therefore contributes valuable information for intraregional trade promotion. Just reversing this trend through product diversification, investment and trade promotion could unlock significant growth potential for a country that is currently failing to exploit its export potential, implying a big opportunity for regional industry and trade policy makers. In this category, the top three product categories within the top 20 unutilized intraregional trade opportunities include vegetable products, foodstuffs and metals, with these being more pronounced for SADC and COMESA countries

Box 5: **Africa has capacity to move into food self-sufficiency**

Africa currently spends about $63 billion a year on food, beverages and tobacco. Of this amount, $35 billion is spent on food imports alone. With the growing population in Africa, forecasts show that the annual food import bill could reach $110 billion by 2025 unless domestic production is scaled up. By 2016, as was the case in the previous three years, drought is affecting over 17 million people, mainly in the Horn of Africa.

There is, however, great potential for agricultural production and agro-processing industries to make the continent food self-sufficient, particularly by enhancing regional trade corridors to ensure that food surpluses in one region balance the deficits in another through better linkages between production, distribution and consumption hubs.

The decline in oil and metal commodity prices serves as an incentive for African countries to diversify into agriculture, and the largest economies are making strategic choices to transform the agriculture sectors in order to reduce dependency on food imports. These policy shifts, particularly in oil-exporting countries, should pay off in the medium to long term.

Source: AfDB, African Economic Outlook, 2016.

and, once again, ironically for those countries with a membership overlap.

Interestingly, Angola dominates the list of importers in this category of top 20 matches with import demand that could primarily be supplied by Botswana and Lesotho. The authors further observe (as demonstrated in table 12) that Angola remains the largest importer, if one targets the entire 232 unutilized matched trade opportunities, absorbing an import bill of $ 3,035,903,761. Mozambique is in second place at $597,781,550, with an import goods profile featuring mostly vegetable products, foodstuffs, metals and textiles.

Some countries which two decades ago were key players in the subregional trade, such as Zimbabwe, have become non-players in intraregional trade (either as exporters or importers) owing to inward-looking protectionist strategies.

In the Southern African region, Botswana (vegetable products, foodstuffs and metals), and Lesotho (vegetable products, foodstuffs and metals) could close this gap, while in COMESA Egypt (vegetable products, foodstuffs and textiles) could equally close that deficit. There is absolutely no reason for Africa's failure to meet its food supplies, more so given that "approximately 27 per cent of the world's total arable land is located in Africa" (Ferreira and Steenkamp, 2015), an invaluable resource that could be leveraged to shift the agriculture production frontier to higher levels. This observation is also corroborated by AfDB in its review of the prospects of regional integration in Africa, and the prospects to boost intraregional trade as shown in box 5.

This is a resource deficit that can be turned into a big income dividend at a reasonable cost, given the abundant technological possibilities to marshal a high productive agriculture production function in sub-Saharan Africa. The gap can easily be closed: the results generated by Ferreira and Steenkamp (2015) demonstrate large potential for Tripartite countries to move towards the production of high-value manufactures that can withstand global commodity price fluctuations.

The Tripartite countries clearly have very strong potential for intraregional trade in sectors such as food, agricultural goods and textiles (the third largest product category among the 232 matches), which are sustainable in the long run and not linked to fluctuating commodity prices (Ferreira and Steenkamp, 2015). However, these opportunities are not being exploited.

3.1.3 Assessment of the Tripartite Free Trade Area from a global multi-region multi-sector Computable General Equilibrium model

In his assessment of the impact of the Tripartite Area on member States, Willenbockel (2014), uses a global multi-region multi-sector Computable General Equilibrium model originally developed by McDonald, Thierfelder and Robinson (2007) to analyse the impact of global trade negotiations and regional trade agreements. The model has been widely used in the assessment of regional integration programmes. It involves a set of individual countries or regional blocs that provide coverage of the global economy linked through international trade and capital flows.

In this analytical framework it is assumed that the sum of all exports across regions matches the sum of all imports across regions for each commodity, and global production matches global demand for each commodity while each regional bloc represents the whole economy of that region at a sectorally-disaggregated level (Willenbockel, 2014).

The model provides a consistent integrated evaluation of sectoral production and employment impacts, aggregate income and welfare effects of changes in trade barriers while taking full account of the macroeconomic repercussion arising from terms-of-trade effects, tariff revenue changes and intersectoral input-output linkages, among other factors.

The assessment of the Tripartite Area is built around four distinct trade integration scenarios, which are based on the agreed tariff reduction modalities and differ in their assumptions about export taxes, trade facilitation efforts and labour supply elasticities (Willenbockel, 2014). For the purposes of building the model, the database identifies 15 of the 26 potential Tripartite countries as separate countries, while the other 11 countries are aggregated into four composite regions (e.g. Lesotho and Swaziland together form the composite region "rest of SACU", Angola and the Democratic Republic of the Congo together form the composite region "South Central Africa").

The model allows for the separation of Tripartite and non-Tripartite regions in the analysis, providing scope for a detailed analysis of changes in intra-Tripartite trade flows that takes account of bilateral trade flows among 19 Tripartite countries/country blocs and their trade with the rest of the world (Willenbockel, 2014). The non-Tripartite regions for this analytical framework are "other Africa", "the European Union", and "rest of the world".

In his sectoral disaggregation, which was done in consultation with key Tripartite stakeholders, the author identifies 24 commodity groups and corresponding production sectors – including seven agricultural sectors, three natural resource extraction sectors, three food-processing sectors, eight non-food manufacturing sectors and three service categories. The analysis establishes 2007 as the benchmark year, with 2014 as the baseline year, and builds four tariff liberalization scenarios for simulation purposes as follows:

1. **Scenario1 T1:** Tripartite tariff liberalization and a fixed supply of skilled and unskilled labour.

2. **Scenario T2:** T1 plus elimination of existing export taxes (unlikely to be significantly different from T1, given that export taxes are very rare in the Global Trade Analysis Product database).

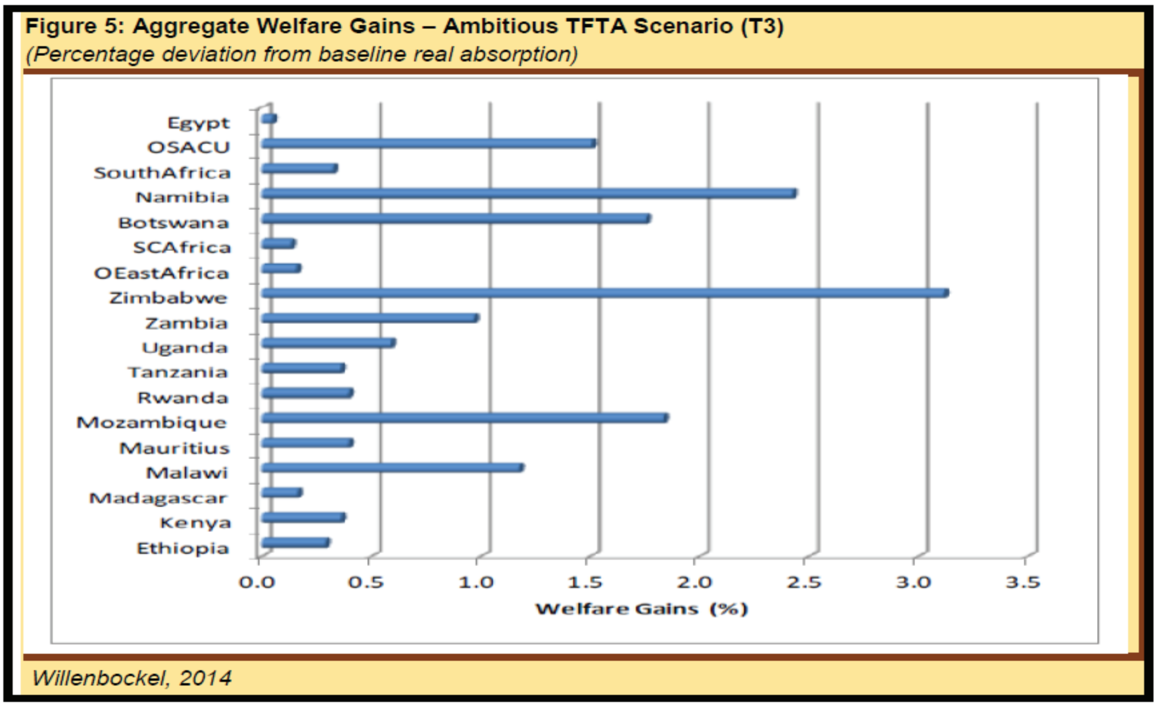
3. **Scenario T3:** T1 plus simultaneous real transport/transaction cost reduction on intra-Tripartite flows (5 per cent reduction in non-tariff barrier tariff-equivalents).

4. **Scenario T4:** Tripartite tariff liberalization with unlimited supply of unskilled labour and fixed supply of skilled labour.

Aggregate results of Tripartite analysis

Based on Scenario T1 (establishment of a Tripartite Free Trade Area that involves the removal of most tariffs on trade among member States), tariff liberalization is expected to generate a positive impact on welfare of $443 million annually, estimated at 0.1 per cent of total 2014 levels of income for the Tripartite

Figure 5: Aggregate welfare gains – ambitious Tripartite scenario (T3) (Percentage deviation from baseline real absorption)



Area. South Africa enjoys the largest uplift in welfare gains under this trade liberalization scenario, while also "other SACU" (e.g. Swaziland and Lesotho) gain 0.8 per cent and Namibia 0.4 per cent (Willenbockel, 2014).

The results also reveal that Malawi, Mozambique, South-Central Africa (Angola and the Democratic Republic of the Congo) and Botswana suffer very negligible welfare losses, while Ethiopia's participation in the Tripartite Area will be beneficial to it in comparison with other non-Tripartite countries.

Given that the South-Central African region's export structure is dominated by fossil fuel exports to non-Tripartite regions, its participation in the Tripartite Area will have negligible impact on the region's exports to the Area. However, the South-Central African region's imports from the Tripartite Area will rise by 32 per cent to $718 million.

What does this mean for policy? The author argues that this does not necessarily imply that South-Central Africa should not participate in the Tripartite Area, and that in fact its participation, coupled with that of Ethiopia aggregated, far outweighs the negligible welfare losses of their non-participation.

Under Scenario T2, when tariff liberalization under T1 is accompanied by full liberalization that eliminates all taxes on intra-Tripartite trade flows, the total welfare gains for the Tripartite region as a whole rise by a further $120 million. The highest gains in income are registered under Scenario T3, which characterizes an ideal deep regional integration policy mix – a combination of both tariff liberalization for intra-Tripartite trade, coupled with a reduction in non-tariff barriers that reduces the trade transaction costs associated with border challenges/customs procedures among other forms of non-tariff barriers. This scenario yields a projected aggregate net benefit for the Tripartite group equivalent to $3.1 billion per annum, which is nearly 0.4 per cent of aggregate baseline absorption and more than seven times the gains resulting from full intra-Tripartite tariff liberalization alone (Willenbockel, 2014).

Of significance under this trade policy scenario is that all Tripartite regions record a positive gain in welfare, with the following countries enjoying the largest aggregate welfare gain: Zimbabwe (+3.1 per cent), Namibia (+2.4 per cent), Mozambique

(+1.8 per cent), Botswana (+1.8 percent) and other SACU (+1.5 per cent) as shown in figure 5 and annex III. This more liberal Tripartite regime boosts the volume of intra-Tripartite trade by $7.0 billion, accounting for an increase of over 17 per cent in income relative to the 2014 baseline volume.

If it is assumed that the entire Tripartite region has an unlimited supply of unskilled labour, and tariffs are relaxed in line with Scenario T1 (modest trade liberalization), the Tripartite region gains $1 billion in welfare. If deeper integration is accommodated, with tariff liberalization complemented by the elimination of non-tariff barriers, an aggregate welfare gain of $5.1 billion is projected in the Tripartite Area. In annex II (tables A-D) a detailed picture is provided of the overall impact of the four trade scenarios on the growth and volume of intra-Tripartite trade. This sheds more light on model results that have far-reaching implications for trade policy decision in the Tripartite Area.

Revenue implications for the Tripartite Free Trade Area. Willenbockel (2014) also simulates the overall impact of Tripartite implementation on government revenues and notes that tariff revenues will be reduced to a magnitude ranging between $684 million and $695 million. This slump in tariff revenue is more pronounced for Uganda, a country that has high intra-Tripartite sugar import duties.

Impact of the Tripartite Free Trade Area on production dynamics (sectoral impacts). The results provide strong production effects that have profound implications for employment across sectors in the Tripartite region. These developments are concentrated in a subset of sectors that include primary sugar products, with backward linkage effects to sugar cane production and, to a lesser extent, for some Tripartite countries in textiles, metals and metal production, beverages and tobacco, light manufacturing and chemicals.

Trade policy. The findings point to a strategic direction in trade policy in the Tripartite Area. Under the circumstances, liberalizing trade in sugar will result in a significant contraction of uncompetitive high-cost production in the sugar sectors of Kenya and Uganda while "other SACU" will experience a boost in export demand for sugar.

Such a development would trigger a strong output and employment expansion effect for the sugar sector in the Tripartite Area and for sugar production in "other SACU", triggering significant benefits upstream for the sugar product value chain. This employment dividend will also boost related upstream production activities, with Namibia gaining 0.8 per cent, Uganda, 0.73 perc cent, Ethiopia, 0.5 per cent, and South-Central Africa and Kenya 0.4 per cent respectively. If deeper trade liberalization is accommodated in line with Scenario T2, including both tariff reductions and the elimination of non-tariff barriers, it will have significant aggregate impacts on employment for unskilled labour in the Tripartite Area, with all Tripartite countries benefiting. The greatest benefits are expected in Zimbabwe, Botswana and Namibia, which are

Box 6 **Non-tariff barriers as a hindrance to deeper trade integration**

A number of quantitative studies have tried to quantify the impact of reducing or eliminating non-tariff barriers in African economies. For example, Vanzetti et al. (2016) found that by removing non-tariff barriers in the SADC region, exports would increase by 2.2 per cent. Rial (2014) analysed European imports of agri-food products and found that exports from African least developed countries were reduced by almost 5 per cent for each additional sanitary and phytosanitary requirement in the European Union. Cadot and Gourdon (2014) found that, on average, sanitary and phytosanitary measures increased the domestic prices of foodstuffs by about 13 per cent in sub-Saharan Africa, thereby negatively impacting cross-border trade.

Table 13: Reported non-tariff measures in Tripartite Free Trade Area countries

Member imposing	Sanitary and phytosanitary	Technical barriers to trade	Anti-dumping	Countervailing	Safeguards	Quantitative restrictions	Tariff-rate quotas	Export subsidies
Uganda	3	595						
Kenya	30	522						
South Africa	48	262	32		2		53	62
Egypt	78	169	19	6	4			
Zambia	4	89			1			
Botswana	3	56						
Rwanda		49						
Tanzania	1	44						
Mozambique	2	11						
Mauritius	12	7						
Seychelles		2						
Burundi	5	1						
Swaziland	2	1						
Zimbabwe	6	1						
Congo, Dem. Rep.	2							
Madagascar	22							
Malawi	2							
TFTA Total	220	1809	51	6	7	0	53	62
Africa Total	348	1920	64	6	12	35	82	62

Source: World Trade Organization, 2017

projected to register an increase of over 4 per cent in employment.

Commentary on the findings. The strategic findings of the model provide objective and evidence-based trade policy entry points that could strengthen the prospects for trade reform in the Tripartite Area. All trade liberalization scenarios, ranging from modest or moderate to full liberalization, have positive real income impacts on the Tripartite. What varies is the magnitude of the benefit, which is determined by the level of trade liberalization that is implemented.

However, Mold and Mukwaya (2017) note that non-tariff barriers remain a major challenge to the implementation of Tripartite Area. As these obstacles have not declined at the same pace as tariffs, consequently countries in the region have not yet realized the full benefits of integration. Box 6 shows the negative effects of non-tariff barriers on regional trade integration.

These non-tariff barriers take the form of trade policy related tools such as quotas, subsidies, and export restrictions, while some are of a technical nature, such as phyto-sanitary measures. in some Tripartite countries. Table 13 shows the Tripartite countries that continue to apply such non-tariff measures.

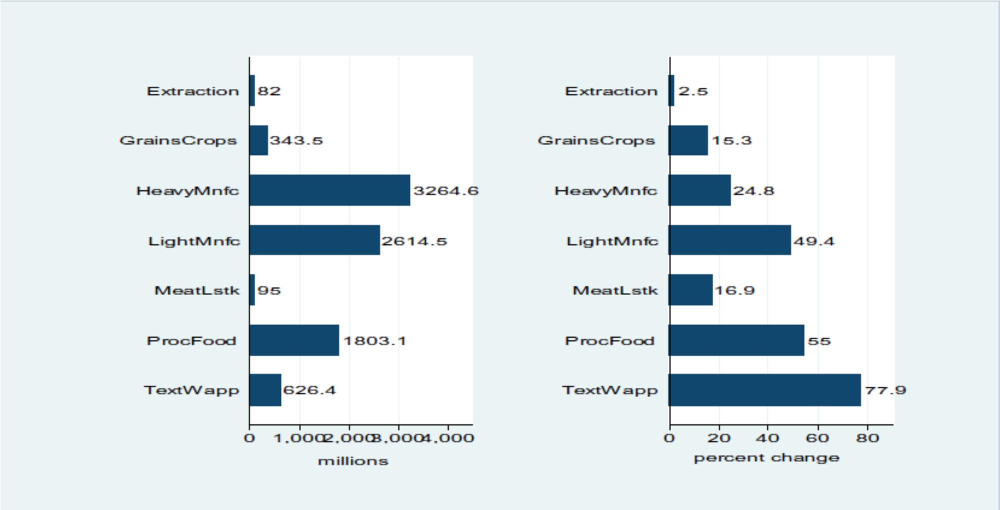
The Tripartite Area has a relatively high incidence of non-tariff barriers, even when compared with the rest of the world. Technical barriers to trade such as phytosanitary measures stand out as the most common non-tariff barriers within four countries – Uganda, Kenya, South Africa and Egypt – accounting for 86 per cent of reported non-tariff measures respectively (Mold and Mukwaya, 2017).

The Tripartite Area is, however, projected to trigger significant benefits in terms of the deployment of a huge pool of reserve unskilled labour, without any wage inequality, across the Tripartite region. Significant sectoral production effects are also projected. It is important to note that this presents an opportunity to expand employment opportunities in the subregion.

Sub-Saharan Africa is currently grappling with galloping unemployment, with the majority of jobs located in the informal sector and few employed people actually living in poverty (Muchira, 2017). According to the 2016 International Labour Organization report World Employment Social Outlook: Trends for Youth, the informal economy accounts for 50 to 80 per cent of GDP, 60 to 80 per cent of employment and 90 per cent of new jobs.

The positive production adjustments envisaged in the Tripartite Area across some subsectors, such

Figure 6: Changes in aggregate intraregional trade (millions of United States dollars, and percentage increase)



Source: Adapted from Mold and Mukwaya, 2017.

as sugar production, will trigger backward and forward linkages and upstream benefits for the sugar production value chain. Other beneficiary subsectors include textiles, chemicals, metals and metals production, and light manufacturing.

Strong structural transformation prospects from the full implementation of the Tripartite Free Trade Area

Mold and Mukwaya (2017) also provide interesting results after an assessment of the impact of trade liberalization in the Tripartite Area. They used a Computable General Equilibrium model to run simulations and a Global Trade Analysis Product database, with 2011 as the base year, to describe global bilateral trade patterns, production, consumption and intermediate use of commodities and services.

Their work also sought to measure the distribution of the benefits among members of the Tripartite for a complete picture. Their simulations are built around an aggregation that includes 18 individual Tripartite countries and three composite regions, while also aggregating 57 sectors into 10 major sectors for the region. Their findings establish that the full implementation of the Tripartite Area could be highly significant in boosting intraregional tripartite trade by 29 per cent. Total intraregional trade would increase by $8.5 billion, with these uplifts in trade projected to be particularly strong in heavy manufacturing, light manufacturing and processed foods.

Intraregional trade in the Tripartite Area would increase significantly for heavy manufacturing (an increase of $3.3 billion), light manufacturing (an increase of $2.6 billion) and processed foods (and increase of $1.8 billion), implying a major uplift in welfare gains across the Tripartite economic geographical space (see figure 6). Furthermore, the authors note that this would represent very significant boosts to intraregional trade, expanding the share of intra-Tripartite exports from approximately 9.3 per cent to 11.8 per cent of total exports. Mold and Mukwaya (2017) also reveal that government revenue losses in the Tripartite Area would be minimal, especially given that intraregional trade is largely already being conducted under a regime of declining tariffs, following the gradual implementation of regional liberalization within COMESA, EAC and SADC. To further clarify this picture, the authors indicate that tariff revenue for the whole of the Tripartite Area in 2011 amounted to $21.74 billion, while intra-Tripartite tariff revenue accounted for only 6.3 per cent (or $1.45 billion) of that total, with most of the tariff revenue currently being accounted for by imports from the European Union and East Asia.

Overall, the findings reveal that trade liberalization in subsectors could help to achieve the structural transformation within the

Tripartite Area. The authors also observe that the most significant increases in output would be in the manufacturing sectors, whereas the extractive sector would contract as resources are reallocated towards sectors favoured by implementation of the Tripartite Area. The result would have a profound impact on industry policy in the region, reinforcing the drive towards structural transformation.

The findings are in line with the regional economic integration theoretical narrative by Cooper and Massell (1965), who postulated that by forming a trade bloc, developing countries could retain protection against the 'North' in order to achieve a target level of industrialization, while reducing the cost of this industrialization by liberalizing trade among each other.

The Cooper-Massell argument presumed the exploitation of scale economies by developing countries within a customs union specializing in different industries, arguing that the dynamic gains from intraregional trade, in terms of building up industrial capacity, more than compensated for any static losses from preferential liberalization (Mold and Mukwaya, 2017). This is a convincing argument that has scope to influence regional integration industrial development priorities, given that it is backed up by some compelling empirical evidence that suggests that the 'regional route' to industrialization is a valid one, and that the trade costs may be assumable if the industrialization objective is to be realizable (UNCTAD, 2009).

However, despite these positive benefits from the Tripartite Area, the costs to the initiative are also borne by external trading partners who do not benefit from tariff elimination, with most of these being existing trading partners such as the European Union, which loses $562.7 billion of exports to the Tripartite Area, while East Asia loses $505.9 billion. Though intraregional trade expands by $8.5 billion, the region suffers a $2.1 billion loss in external trade due to a contraction in imports from outside the Tripartite region.

The authors further note that, on average, intraregional trade within the Tripartite Area will increase from 9.2 per cent to 11.7 per cent of total trade, while in some of the manufacturing sectors intraregional trade increases to 33 per cent of all trade. This vindicates the role of regional integration as an important engine of industrialization (see ECA, 2015), something underscored by the recent experience of the United Republic of Tanzania, which has managed to buck the regional trend of stagnation in manufacturing precisely through exploiting regional markets, in this case EAC.

Distribution of gains across the Tripartite Free Trade Area. A major concern for the smaller countries in the Tripartite Area has always been that they envisage being marginalized in the trade-related growth spin-offs of the free trade area. They fear that investment would be attracted to countries with larger economies and higher productivity levels such as South Africa and Egypt. As both countries combined currently account for almost two thirds of the manufactured value added within the Tripartite Area, other smaller countries anticipate an uneven industrial development pattern to emerge. However, Mold and Mukwaya (2017) discount this fear. Their simulations generated patterns of industrial output that are modest, with the total volume of industrial output in the region projected to increase by only 0.28 per cent. The largest countries in the region – South Africa and Egypt – record marginal output increases of 0.21 per cent and 0.06 per cent, respectively. Ironically, the smaller economies record significant increases in industrial output, with Malawi and "rest of SACU" (Lesotho and Swaziland) recording the highest gains of 4.1 per cent and 1.1 per cent respectively.

Impacts on sectors in the Tripartite Free Trade Area: The results demonstrate that some sectors record significant changes in comparison to changes in overall industrial output. Most authors emphasize more of the output changes in the textile industry, processed foods and light manufacturing, given that these are labour-intensive sectors, which are deemed more important in the early stages of industrial development and structural change (United Nations Industrial Development Organization, 2013).

Regarding processed foods, significant changes of a magnitude of 3 per cent have been observed in production in 6 of the 19 of the regions of the model making up the Tripartite Area. Namibia and Botswana experience notable increases in production of processed foods, whereas Uganda, Zimbabwe and Tanzania experience declines. In the textiles and apparel subsectors, four countries experience significant increases in production (Botswana, Namibia, South Africa and the United Republic of Tanzania), with Malawi and Zimbabwe registering significant declines.

3.2 Overall commentary on prospects for the Tripartite Free Trade Area

The results generated by the recent literature reinforce the benefits of full implementation of the Tripartite Area, providing a basis for participating countries to move the regional integration agenda forward (Willenbockel, 2014; Ferreira and Steenkamp, 2015; and Mold and Mukwaya, 2017). These studies corroborate earlier work by researchers in Europe and Asia that confirm the benefits of regional integration. Countries across the Tripartite Area, including the Southern African region, stand to benefit significantly from implementing Tripartite programmes for deeper integration.

While the simulations across all models point to a positive correlation between trade liberalization, welfare growth and expansion in intraregional trade, the full benefits of regional integration might not be achieved unless regional-wide rules of origin and non-tariff barriers are also addressed.

A simulation of factors other than tariffs might therefore be helpful in providing a greater understanding of how to deepen regional trade by tackling key obstacles to free movement of goods and services in the Tripartite area. The focus on tariffs could be a key weakness of the current models reviewed, given their main thrust towards assessing the impacts of tariffs liberalization. Other important policy considerations to enhance business prospects could include evaluating the negative effects of infrastructure deficits that characterize regional economies and the impact of non-tariff barriers. It is a widely held view that addressing these challenges would increase the benefits of regional economic integration.

4. Lessons for the Continental Free Trade Area from the Tripartite Free Trade Agreement

4.1 Continental Free Trade Area

The Continental Free Trade Area is a culmination of efforts by the African Union to rationalize the situation of overlapping membership of the regional economic communities by implementing continent-wide trade and integration programmes. This is a pan-African initiative to expand the production and trade horizons of 54 African Union member States with a population of over a billion people and a combined GDP of over $3 trillion in 2014 (Muzorori, 2015). Estimates by ECA indicate that the implementation of the Continental Free Trade Area would double intra-African trade to 21.9 per cent in 2022 from 10.2 per cent in 2010, thus expanding employment opportunities and contributing towards the reduction of poverty.

Empirical analysis of the Continental Free Trade Area identifies the following gains: Mevel and Karingi estimate that intra-African trade will increase by 52.3 per cent ($ 34.6 billion), compared with a baseline scenario without such an Area by 2022 (Karingi and Mevel, 2012); Chauvin and others estimate large and positive long-run impacts, with the Area boosting Africa's welfare by 2.64 per cent by 2027 (Depetris, Ramos and Porto, 2016). The establishment of the Area is a necessary first step on the way to deeper economic integration, such as through the creation of the African Customs Union, and the African Economic Community. The Area can be best described as laying the necessary foundation for the African Economic Community by liberalizing trade in goods and services on the continent (Bridges News, 2017).

The 18th Summit of the African Union held in 2012 committed itself towards accelerating and deepening the continent's market integration initiatives, and set 2017 as the indicative timeline for operationalizing the Continental Free Trade Area. This will be a building block towards establishment of the African Economic Community by 2028. COMESA, SADC and EAC are among the eight existing regional economic communities that will form the basis for creating the African Economic Community. Overlapping membership has in practice strained member States' administrative capacities, while implementation of multiple and competing programmes has been a liability on the countries' scarce public resources.

The formation of new regional economic communities is being discouraged by the African Union. On the contrary, there is an urgent need for further and firm rationalization of the regional economic communities based on the following two principles: (a) Composition of regional economic communities should be based on the five geographical regions of the African Union; (b) The principle of single membership should be strictly adhered to.[17] The African Union has encouraged the completion of the COMESA-EAC-SADC Tripartite Free Trade Area, which will inform or better still may be the basis for the establishment of the Continental Free Trade Area, whose key objectives include:

- Creating a single continental market for goods and services, with free movement of business persons and investments that will accelerate the establishment of the Continental Customs Union by 2019 as

17 For example, in the case of the Tripartite Free Trade Area, the other two regional economic communities (the Intergovernmental Authority on Development and the Community of Sahelo-Saharan States) can and will remain as specialized intergovernmental communities charged with fulfilling their specific and specialized mandates, and cannot delve into the area of trade facilitations such as tariffs. In the case of COMESA, there will be complete duplication as all seven members of the Intergovernmental Authority on Development are members of COMESA, while the 23 members of the Community of Sahelo-Saharan States are virtually spread across all of Africa's regions, except SADC.

provided for in the Abuja Treaty Establishing the African Economic Community.

- Expanding intra-African trade through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across regional economic communities and across Africa in general.

- Resolving the challenges of multiple and overlapping memberships and expediting the regional and continental integration processes.

- Enhancing competitiveness at the industry and enterprise level by exploiting opportunities for scale production, continental market access and better reallocation of resources.

One of the key milestones of the Continental Free Trade Area was ensuring the consolidation of Tripartite and other regional free trade areas into the Continental Free Trade Area initiative between 2015 and 2016. Negotiations for the Tripartite Area were launched in June 2015 and the first meeting of the related Trade Negotiation Forum was held in February 2016. The scope of the negotiations covers trade in goods and services, investment, intellectual property rights and competition policy.

The Tripartite Free Trade Area and implications for the Continental Free Trade Area

The Continental Free Trade Area is envisaged to build upon what has been achieved in existing free trade areas in Africa, with the Tripartite Free Trade Area being a linchpin for the creation of that grand Continental Area. This is in line with guiding principles that emphasizes a building block relationship, namely the continental trade integration initiative is envisaged to ride on the trade liberalization and integration programs of the regional economic communities. In essence, it does not seek to roll back liberalization already attained at the level of the regional economic communities, but rather it seeks to consolidate those achievements towards the continental project. In practical terms, the Continental Free Trade Area seeks to gradually build on the liberalization commitments at the regional economic community level until the continental liberalization matches and eventually exceeds that of the regional economic communities where possible (Bridges News, 2017).

Thus, any milestones and good practices from the experience of implementing the Tripartite Free Trade Area, since its launch in 2015, have a critical bearing on the success of the Continental Free Trade Area. The negotiating institutional structures of the Tripartite Area, which are in line with international best practice, have been replicated in the Continental Area. The latter has also adopted a phased approach towards negotiating free trade area provisions, as is the case of the Tripartite Area, with phase I focused on covering trade in goods and trade in services (expected to end in 2017), while phase II would focus on investment, intellectual property rights and competition policy. Regarding issues pertaining to tariff offers, while the Tripartite Area is working with a range of between 60 per cent and 85 per cent, the Continental Area adopted liberalization targets for trade in goods of 90 per cent of tariff lines, with additional provisions made for lists of sensitive and excluded products.

“To get non-tariff barriers right, a non-tariff barrier mechanism should be included in the Continental Free Trade Area and, without duplicating the existing non-tariff barrier mechanisms of the regional economic communities, the Continental mechanism should build on their successes by expanding their operations across Africa to include trade between and within all regional economic communities. In particular, the successful Tripartite non-tariff barrier mechanism could be expanded to cover trade across the continent” (Luke and J. MacLeod, 2016). The main implication of the Tripartite initiative for the Continental Free Trade Area is that the Tripartite Area is now part of the trade integration for the continent, upon which the Continental Free Trade Area is expected to build. Thus any developments on Tripartite implementation have a direct bearing on the progress towards fruition of the Continental Free Trade Area originally targeted for 2017. Currently, the implementation of the Tripartite Free Trade Area is running behind schedule and this is likely to compromise its credibility, and hence delay fruition of its programmes.

However, the Continental Free Trade Area faces challenges that may undermine the implementation of its strategic agenda, including:

- A lack of consensus amongst its principal shareholders – the African Union and States members of the regional economic communities – on whether regional integration should be afforded a mandate of supranational status, i.e. empowering the secretariats of the regional economic communities to have levels of authority higher than those of the State (as in the case of the European Union). It is, however, recognized that while regional economic communities will have supranational status, States members of the African Union still wield enormous but limited and guided power under the intergovernmentalism (inter-governmental mechanisms) of the African Union. In this way, the permanent interests of African citizens will be protected against sovereignty-related threats and challenges as and when they rise.

- A failure to enforce the principle of variable geometry, which gives States flexibility but may decelerate the implementation of progressive programmes of regional economic integration.

- A lack of urgency in fulfilling the programmatic agenda of regional economic integration, mainly due to the lack of political will of a sizable number of member States throughout the African region.

5. Challenges to the Tripartite implementation process

One of the main challenges undermining the acceleration of Africa's continental integration is the lack of progress made in mainstreaming the regional integration agreements and decisions adopted at continental and regional levels into national development plans and strategies.

A survey carried out by ECA in more than 30 sub-Saharan countries in 2012 revealed that there are a number of underlying factors attributed to the limited domestication of decisions. These include a lack of resources; a shortage of human resources and capacity to cope with and implement the diverse range of regional integration activities and programmes; poor coordination of the programmes at national level; and limited consultations among stakeholders on a number of decisions and protocols to regional integration. Some of the main outstanding challenges to the Tripartite implementation process are outlined below.

- Limited commitment at the member State level could hinder implementation efforts. For instance, some member States are unwilling to relax and simplify the complex and stringent rules of origin, thus leading to protracted delays in the conclusion of the negotiations.

- Countries need a stronger and more harmonized legal framework for negotiations. The complex and slow nature of the negotiation process and the lack of convergence on trade policies and regimes remain a challenge.

- In most countries regional trade negotiations and consultations have taken more of a top-down approach, which does not provide much room for the active participation of the private sector, civil society organizations and other key partners. What is needed is an approach that engages everyone to ensure national cohesion and ownership of the process for credibility purposes. Non-State actors, as beneficiaries of regional integration, play a critical role in providing checks and balances between States and citizens in national governance systems.

- Member States should be willing to cede some of their sovereignty in favour of a rules-based system for the benefit of other member States, as is the case for the European Union. This unwillingness explains why there has been limited progress in mainstreaming regional integration agreements and other decisions adopted at the continental level into development plans and strategies. Enforcement (including commensurate sanctions) and oversight mechanisms are required to ensure the implementation of agreed regional integration deliverables among member States.

- Non-tariff barriers remain a major challenge to liberalizing trade in the Tripartite Free Trade Area. Though the Tripartite Area has set up an online-non-tariff barrier reporting mechanism that was piloted in COMESA in 2008, non-tariff barriers and technical barriers to trade remain a major challenge. What is worrisome is that, in some cases, these non-tariff barriers have persisted despite having been addressed by the mechanism, with this being more problematic when the non-tariff barrier refers to actual policies rather than procedural obstacles. This situation is worsened by derogations, for instance under the SADC Trade Protocol, and the lack of an enforcement and dispute resolution mechanisms.

- Technical capacity is required at the regional economic community level to support an effective work programme. At the national level this is also a big challenge, particularly in terms of negotiation skills.

- The lack of uniformity in the rules of origin standards and regulations is a major challenge as the Tripartite Area forges ahead with its programmes.

- Currently trade between African countries is still skewed in favour of bilateral and extra-territorial partners and against the expansion of intracontinental trade relations. The continent trades mostly with advanced economies such as the United Kingdom of Great Britain and Northern Ireland, the United States of America, Japan and China. A departure from the past colonial legacy requires a shift in trade and industry policies.

6. Conclusions and recommendations

6.1 Emerging issues

Regional economic integration is a central vehicle for unlocking inclusive growth in the continent. The Tripartite Free Trade Area is a strategic lever towards the realization of the African Union goal of establishing a grand Continental Free Trade Area and, eventually, the African Economic Community. As demonstrated in the present study, however, there is no doubt that the path towards accelerated Pan-African economic integration presents formidable political, economic, legal and functional challenges. It has been noted that intra-African trade remains low, at 14 per cent in 2013, particularly in comparison with other regions such as Asia and Europe. This in itself is a grand opportunity to refocus priorities and forge an agenda to redirect regional production capacities towards unlocking the continent's trade capacities, with a view towards greater global integration.

The Tripartite Free Trade Area is strategic in reversing these continent-wide challenges, creating scope for an enlarged regional market and making it possible for firms to thrive with greater productive efficiency, economies of scale, competitiveness and expanded intraregional trade. It is with this vision in mind that The Tripartite Area was launched on 10 June 2015, in Sharm-el-Sheikh, Egypt. To date the countries comprising that Area have been implementing a work programme to deepen regional integration, thereby opening up market space for the Tripartite enterprise sector to produce and trade beyond its regional borders. The present study has therefore sought to take stock of the progress made by Tripartite initiatives to date, the impact on the Southern Africa region and the wider implications for the Continental Free Trade Area.

Starting from the three pillars underpinning the Tripartite Free Trade Area – market integration, industrialization and infrastructure – the study examined the actual constraints and challenges to achieving the goals of the Tripartite Area. When tariff liberalization is accompanied by other complementary trade-related reforms, such as tackling non-tariff barriers, investing in physical infrastructure and reducing trade transactions costs (e.g. Customs procedures and red tape), countries can achieve industrial transformation and enhance their competitiveness.

The study has also drawn parallels from other successful regional integration processes such as the European Union. While the scope of the Tripartite economy is large, significant structural and policy bottlenecks still remain to be overcome. Progress on the Tripartite negotiations has been slow, and timelines have been missed. For instance, the Heads of States and Government set a timeframe of 12 months (from June 2015 when the Tripartite initiative was launched) for finalizing tariff negotiations and other outstanding issues, yet that timeline was missed. A revision of the same timetable to October 2016 was also missed. As the study shows, the Ministers set a new timeline of April 2017 – that was missed too (Mangeni, 2017). The region should therefore build on the progress made to date, in order to keep on course towards realization of the Tripartite Area.

6.2 Recommendations

6.2.1 Tripartite Task Force level

There is a need to strengthen national and regional capacity for effective delivery of regional integration in Southern Africa. Regional institutional capacities at the regional economic communities are weak, lacking the necessary enforcement and oversight powers to ensure follow-through in the implementation of agreed regional integration deliverables among member States. Accordingly, the following recommendations have been made:

- Cooperation and coordination are needed at the regional level to address the underlying structural weaknesses that are weakening the link between regional policies, their implementation and outcomes. These structural weaknesses include weak fiscal and financial systems, infrastructural inefficiencies, and insufficient human capital and institutional capabilities, which all have a bearing on the prioritization and sequencing of the regional integration agenda.

- A comprehensive implementation framework should be developed which places equal emphasis on the three pillars and include timelines and milestones to effectively track progress on agreed programmes and projects. The Tripartite Free Trade Area must address the weak institutional capacity of negotiations at the country and regional economic community levels.

- Given that the regional institutions established to contribute to the implementation of regional agreements and protocols do not have robust roles as an external anchors or agencies that ensure national compliance and domestic policy, legal and institutional development, there is an urgent need to rationalize the institutional setting for regional organs so as to empower them with the requisite capacities to enforce regional integration protocols, as is the case for the European Union.

- A comprehensive road map should be developed beyond the Tripartite Free Trade Area towards the next stage of integration, namely the Customs Union.

- The extent of readiness across borders should be evaluated in preparation for the development of regional value chains.

- Financing the regional integration work programme has been a major challenge, with the bulk of it coming from donors or development partners. This funding is highly unpredictable and not sustainable. The subregion should therefore develop viable domestic funding mechanisms in order to create some measure of financial independence in the future. This could include pooling regional resource capacities to establish regional infrastructure funds, leveraging innovative financing instruments, such as stable institutional funds, and using diaspora remittances.

- Member States that may be disproportionately affected by tariff reductions, rules of origin and trade remedies should be provided with adequate safeguards and compensatory mechanisms.

- Clear and transparent criteria should be developed for new members wishing to join the Tripartite Free Trade Area.

- Monitoring and evaluation mechanisms should be developed and the capacities of the entities responsible for overseeing implementation should be strengthened.

- Robust enforcement and dispute resolution mechanisms should be put in place.

6.2.2 Member State level

Member States must address the lack of political will to share sovereignty and facilitate the establishment of strong, legally-based common institutions to oversee the integration process. They should go beyond political rhetoric and lend credibility to the regional economic integration agenda by addressing their failure to surrender national sovereignty in order for the economic integration schemes to succeed. Accordingly, the following recommendations have been made:

- Tripartite member States should empower the secretariats of their regional economic communities to have levels of authority higher than those of the State (as in the case of the European Union).

- National and regional champions should be identified to provide leadership in the implementation of programmes and projects under the Tripartite Free Trade Area.

- Milestones should be introduced for enforcing the principle of variable geometry, which would help to accelerate the implementation of progressive programmes of regional economic integration.

- National structures should also be strengthened by establishing dedicated agencies to effectively preside over regional integration programmes, as oversight and enforcement mechanisms. Human and institutional capacities should be strengthened to drive forward the implementation of Tripartite programmes and projects and to effectively engage in Tripartite-related negotiations. This will level the playing field between regional economic communities in the implementation of agreements reached at the apex level of the Tripartite Free Trade Area.

- The harmonization of policies and legal and regulatory frameworks should be accelerated to facilitate the development of the transboundary infrastructure and the movement of business persons and trade.

- Outstanding work on the rules of origin should be expedited.

Non-tariff barriers

One major drawback to the regional economic integration agenda has been the proliferation in the subregion of non-tariff barriers, which have replaced tariffs and have therefore eroding the potential gains from trade liberalization in SADC. Non-tariff barriers are a major liability to the integration agenda and can derail the good prospects of any trade initiative unless put under check.

- Non-tariff barriers must therefore be removed, including road blocks, import bans, delays at border posts, cumbersome customs procedures and administrative requirements, sanitary and phytosanitary measures and technical barriers that directly affect trade in agriculture products. Non-tariff barriers have a direct impact on the costs of trade as they increase the transaction costs, thus curtailing both the volume and value of intraregional trade. The present study shows many examples of non-tariff barriers.

Supply-side constraints

Focusing solely on trade liberalization measures without addressing other production-related constraints will delay the benefits from trade integration. Such constraints to regional trade include infrastructure deficits and the overall cost of doing business.

- In the medium to long-term, the Tripartite Free Trade Area should accommodate subregional objectives, such as balanced development, to counterbalance the region's high concentration of exports of commodities or extractives, which pose severe threats to durable economic development given their vulnerability to global commodity price volatilities.

- The SADC Industrialization Strategy and Roadmap should be implemented. It seeks to reverse this reality by promoting structural transformation that will increase industrial and hence export capacity.

Business enabling environment reforms

- A highly regulated business environment hinders highly competitive production regimes in all Southern African States. An enabling business environment also requires a more efficient bureaucracy, an adequately educated workforce, a better work ethic among the labour force and an end to corruption.

- The World Bank Doing Business reforms must be systematically implemented to create a conducive business environment. Countries in the region should embrace these reforms as part of strategic efforts to improve the business regulatory environment.

- Regional economies should deepen these reforms as a building block towards transforming informal businesses into mainstream formal production systems. A deeper regional integration agenda can help to address the national level supply-side (production-related) constraints by anchoring domestic policy and regulatory reforms.

6.2.3 Leveraging the roles of other players to enhance inclusivity and broad ownership

Private sector as game changer in regional economics

- There is need to create an environment and framework that affords more space for the private sector in regional integration arrangements, given that it remains the engine for growth. Engaging the private sector as an equal partner in regional policy and strategy formulation will build some measure of inclusivity into the regional economic integration agenda, as well as its eventual implementation.

- The role of the State in shaping a complementary and conducive atmosphere for capital accumulation needs to be defined. There is therefore a need to create the legal and institutional framework that anchors an inclusive, participatory and broad-based economic agenda.

Civil society organizations

- There is an urgent need to create space for civil society organizations, the academia and the legislature, among other strategic partners, as these are key stakeholders that serve to provide checks and balances between the State and its citizens.

- Social alliances and contracts are key for enhanced ownership of the regional integration agenda, transparency and accountability in the implementation of regional protocols. Non-State actors are a strategic bridge between regional governments (in the Tripartite Free Trade Area) and their electorate, and thus should be fully engaged in regional integration for the sake of completeness and also as a way to ensure a broad-based and inclusive approach to policymaking. Such an approach enhances policy outcomes, creating incentives for shared and equitable distribution of the gains and losses of the entire regional economic integration initiatives.

Ultimately, the Southern African region stands to benefit immensely from the Tripartite Free Trade Area through enhanced intraregional trade, investment and export supply capacity. It provides unlimited scope for the expansion of sectors that can trigger backward and upstream value chain development and enterprise growth in the region. Such sectors include food, processed foods, textiles, sugar production, metals and metal manufactures.

Annex I: Top 20 Tripartite Free Trade Area importer-product-exporter matches with an increase in trade: 2010–2014

Table 14: TOP 20 Tripartite Free Trade Area importer-product-exporter matches with an increase in trade: 2010–2014

IMPORTER	PRODUCT CODE	PRODUCT DESCRIPTION	EXPORTER	WEIGHTED AVG IMPORT VALUE (thousands of United States dollars)
Angola	110100	Wheat or meslin flour	Egypt	218 712.30
Libya	40630	Processed cheese, not grated/powdered	Egypt	98 927.36
Angola	30379	Fish, not elsewhere specified, frozen (excluding. Fillets or other fish meat)	Namibia	75 855.72
Egypt	71350	Broad beans (Vicia faba var. major) & horse beans (Vicia faba var. equine and vicia faba var. minor), shelled, whether or not skinned or split, dried	Ethiopia	70 587.66
Angola	110220	Cereal flour; of maize (corn)	South Africa	60 057.82
Angola	110313	Cereal groats and meal; of maize (corn)	South Africa	44 598.89
Tanzania	871631	Tanker trailers & tanker semi-trailers	South Africa	32 860.92
Libya	690710	Unglazed ceramic tiles, cubes & similar articles; unglazed, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm	Egypt	28 384.21
Angola	121020	Hop cones, fresh/dried, ground/powdered/in the form of pellets; lupulin	Namibia	27 753.9
Mozambique	340220	Surface-active preparations, washing preparations, whether or not containing soap (excluding those of heading no. 3401), put up for retail sale	Botswana	19 304.56
Libya	200570	Olives, prepared or preserved otherwise than by vinegar/acetic acid, not frozen	Egypt	17 788.53
Congo	870421	Motor vehicles for the transport of goods (of a gross vehicle weight not exceeding 5 tonnes), n.e.s in item no 8704.1	Botswana	17 141.43
South Africa	740400	Copper waste & scrap	Namibia	13 624.1
Uganda	170410	Chewing gum, whether or not sugar-coated	Kenya	10 642.21
Angola	481810	Toilet paper, in rolls of a width not exceeding 36cm/cut to size or shape	Egypt	9 648.687
Egypt	80940	Plums & sloes, fresh	South Africa	9 304.016
Mozambique	440310	Wood, in the rough, whether or not stripped of bark or sapwood or roughly squared, treated with paint stains, creosote or other preservatives	Swaziland	7 868.883
Zambia	210390	Sauces & preparations thereof; mixed condiments & mixed seasonings	Botswana	7 559.828
Zambia	210390	Sauces & preparations thereof; mixed condiments & mixed seasonings	Kenya	7 559.828
Zimbabwe	210390	Sauces & preparations thereof; mixed condiments & mixed seasonings	Kenya	7 559.828

Source: Ferreira and Steenkamp, 2015.

Annex II:Impacts of scenarios T1–T4 on growth in trade across the Tripartite Free Trade Area

Table A: Change in aggregate real exports and imports destination (percentage changes relative to 2014 base)

	Export Volume				Import Volume			
	T1	T2	T3	T4	T1	T2	T3	T4
Ethiopia	1.29	1.36	1.35	1.57	1.03	1.17	1.71	1.16
Kenya	1.85	2.06	2.51	2.07	1.27	1.53	2.92	1.39
Madagascar	-0.03	-0.03	0.47	-0.03	-0.04	-0.06	0.84	-0.05
Malawi	0.00	0.00	0.38	-0.03	-0.19	-0.23	3.07	-0.21
Mauritius	0.00	0.00	0.41	-0.01	-0.02	-0.02	0.96	-0.02
Mozambique	0.07	0.07	0.16	0.04	-0.07	-0.09	3.15	-0.08
Rwanda	0.52	0.59	1.30	0.58	0.35	0.44	2.42	0.41
Tanzania	0.13	0.24	0.63	0.14	0.06	0.15	1.43	0.07
Uganda	1.30	1.55	2.06	1.55	1.97	2.41	4.31	2.16
Zambia	0.00	0.00	0.04	-0.02	-0.13	-0.16	2.57	-0.13
Zimbabwe	0.00	0.00	1.88	0.01	0.00	-0.02	5.17	0.01
OEastAfrica	0.71	0.79	1.13	0.76	0.54	0.71	1.40	0.59
SCAfrica	0.30	0.48	0.40	0.33	0.28	0.75	0.80	0.32
Botswana	0.00	0.01	-0.02	-0.05	-0.17	-0.22	4.11	-0.21
Namibia	0.07	0.31	0.95	0.32	0.79	0.91	5.43	0.97
SouthAfrica	0.17	0.33	0.46	0.24	0.51	0.63	1.37	0.56
OSACU	0.33	0.97	0.91	0.33	2.30	3.11	4.83	2.30
Egypt	0.07	0.07	0.19	0.09	0.07	0.07	0.26	0.08
OAfrica	0.00	0.00	-0.01	0.00	0.00	0.00	-0.03	0.00
EU27	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00
RoW	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00
Total World	**0.00**	**0.01**	**0.01**	**0.01**	**0.00**	**0.01**	**0.02**	**0.01**
Total TFTA	**0.29**	**0.40**	**0.56**	**0.34**	**0.40**	**0.54**	**1.47**	**0.44**

Table B: Changes in intra-Tripartite import volumes by (percentage changes relative to 2014 base)

	US$ Million					%			
	Base 2014	T1	T2	T3	T4	T1	T2	T3	T4
Ethiopia	*937.7*	281.1	330.9	449.0	283.4	30.0	35.3	47.9	30.2
Kenya	*1853.0*	305.5	410.1	614.8	309.2	16.5	22.1	33.2	16.7
Madagascar	*443.1*	-3.2	-4.1	69.9	-3.0	-0.7	-0.9	15.8	-0.7
Malawi	*1103.4*	-4.9	-6.5	99.3	-4.8	-0.4	-0.6	9.0	-0.4
Mauritius	*584.6*	-3.9	-4.7	87.8	-3.5	-0.7	-0.8	15.0	-0.6
Mozambique	*3471.6*	-11.7	-16.1	309.3	-11.1	-0.3	-0.5	8.9	-0.3
Rwanda	*537.1*	18.4	22.6	72.9	19.2	3.4	4.2	13.6	3.6
Tanzania	*1491.8*	26.7	24.9	266.9	28.6	1.8	1.7	17.9	1.9
Uganda	*1397.2*	99.9	150.8	278.5	104.1	7.1	10.8	19.9	7.5
Zambia	*3251.5*	-16.8	-22.3	282.5	-15.7	-0.5	-0.7	8.7	-0.5
Zimbabwe	*3468.3*	-6.4	-9.5	306.4	-5.7	-0.2	-0.3	8.8	-0.2
OEastAfrica	*2164.8*	334.5	433.6	686.3	338.4	15.5	20.0	31.7	15.6
SCAfrica	*2260.9*	717.6	1152.1	1196.3	723.0	31.7	51.0	52.9	32.0
Botswana	*4129.0*	-16.0	-20.4	279.0	-16.7	-0.4	-0.5	6.8	-0.4
Namibia	*4414.0*	21.6	22.6	381.1	30.8	0.5	0.5	8.6	0.7
SouthAfrica	*7706.3*	49.9	66.7	1257.1	54.5	0.6	0.9	16.3	0.7
OSACU	*387.4*	11.6	14.1	63.1	11.8	3.0	3.6	16.3	3.0
Egypt	*872.2*	109.6	113.9	276.0	111.0	12.6	13.1	31.6	12.7
Total	***40473.7***	**1913.5**	**2658.6**	**6976.3**	**1953.5**	**4.7**	**6.6**	**17.2**	**4.8**

Table C: Changes in intra-Tripartite export volumes by origin (Million US$ and percentage deviation from baseline)

	US$ Million					%			
	Base 2014	T1	T2	T3	T4	T1	T2	T3	T4
Ethiopia	459.5	157.9	157.5	195.7	158.9	34.4	34.3	42.6	34.6
Kenya	2894.3	87.6	123.5	308.6	95.2	3.0	4.3	10.7	3.3
Madagascar	86.8	-0.5	-0.6	10.5	-0.5	-0.6	-0.7	12.1	-0.5
Malawi	552.9	-6.0	-5.6	27.6	-6.1	-1.1	-1.0	5.0	-1.1
Mauritius	469.3	0.3	0.1	57.3	0.3	0.1	0.0	12.2	0.1
Mozambique	2716.0	-1.5	4.1	133.8	-2.0	-0.1	0.1	4.9	-0.1
Rwanda	81.6	0.8	2.0	8.3	0.9	1.0	2.5	10.1	1.1
Tanzania	1089.6	-7.5	32.9	97.7	-7.2	-0.7	3.0	9.0	-0.7
Uganda	891.0	50.1	91.4	119.4	53.4	5.6	10.3	13.4	6.0
Zambia	1407.2	-1.8	0.0	85.1	-1.4	-0.1	0.0	6.0	-0.1
Zimbabwe	2308.0	8.8	11.2	115.7	9.4	0.4	0.5	5.0	0.4
OEastAfrica	832.8	103.5	103.1	177.1	105.2	12.4	12.4	21.3	12.6
SCAfrica	1405.6	13.7	24.7	262.2	15.2	1.0	1.8	18.7	1.1
Botswana	1403.3	5.6	7.0	113.6	4.4	0.4	0.5	8.1	0.3
Namibia	1322.5	142.6	196.0	257.3	146.7	10.8	14.8	19.5	11.1
SouthAfrica	20638.9	1182.5	1679.6	2354.9	1202.4	5.7	8.1	11.4	5.8
OSACU	492.5	117.5	175.6	177.6	117.7	23.9	35.7	36.1	23.9
Egypt	1421.9	60.0	56.1	214.3	60.9	4.2	3.9	15.1	4.3
Total	**40473.7**	**1913.5**	**2658.6**	**4716.7**	**1953.5**	**4.7**	**6.6**	**11.7**	**4.8**

Table D: Changes in import volumes of non-Tripartite origin (Million US$ and percentage deviation from baseline)

	US$ Million					%			
	Base 2014	T1	T2	T3	T4	T1	T2	T3	T4
Ethiopia	*8278.3*	-184.4	-219.2	-281.0	-174.7	-2.2	-2.6	-3.4	-2.1
Kenya	*11385.6*	-191.8	-257.2	-273.3	-179.1	-1.7	-2.3	-2.4	-1.6
Madagascar	*2666.9*	1.6	2.0	-36.9	1.3	0.1	0.1	-1.4	0.1
Malawi	*760.6*	1.0	1.9	-37.3	0.7	0.1	0.3	-4.9	0.1
Mauritius	*5476.3*	2.7	3.1	-26.6	2.2	0.0	0.1	-0.5	0.0
Mozambique	*3434.8*	5.3	8.4	-79.0	4.0	0.2	0.2	-2.3	0.1
Rwanda	*770.5*	-15.3	-18.0	-37.3	-15.3	-2.0	-2.3	-4.8	-2.0
Tanzania	*7004.2*	-22.8	-13.7	-127.3	-23.5	-0.3	-0.2	-1.8	-0.3
Uganda	*3000.5*	-48.2	-77.8	-113.8	-43.9	-1.6	-2.6	-3.8	-1.5
Zambia	*2651.4*	8.5	11.8	-115.0	7.4	0.3	0.4	-4.3	0.3
Zimbabwe	*1116.7*	6.0	8.1	-59.3	5.8	0.5	0.7	-5.3	0.5
OEastAfrica	*14056.2*	-264.0	-328.7	-444.7	-260.6	-1.9	-2.3	-3.2	-1.9
SCAfrica	*36345.6*	-613.7	-841.1	-871.5	-605.0	-1.7	-2.3	-2.4	-1.7
Botswana	*1322.2*	6.1	7.7	-48.3	5.1	0.5	0.6	-3.7	0.4
Namibia	*1422.2*	24.1	29.9	-56.2	25.3	1.7	2.1	-3.9	1.8
SouthAfrica	*96932.8*	469.0	583.7	207.7	519.2	0.5	0.6	0.2	0.5
OSACU	*1525.9*	32.2	45.4	31.6	32.1	2.1	3.0	2.1	2.1
Egypt	*59796.8*	-75.6	-79.9	-114.0	-71.5	-0.1	-0.1	-0.2	-0.1
Total	***257947.4***	**-859.3**	**-1133.5**	**-2482.1**	**-770.7**	**-0.3**	**-0.4**	**-1.0**	**-0.3**

Source: Adapted from Willenbockel (2014).

Annex III: Changes in aggregate welfare

Table 19: Changes in aggregate welfare, US$ m (real absorption)

	US$ Million				Percentage Change			
	T1	T2	T3	T4	T1	T2	T3	T4
Ethiopia	33.6	44.4	110.9	97.1	0.09	0.12	0.29	0.26
Kenya	-20.9	-4.6	139.9	30.3	-0.05	-0.01	0.36	0.08
Madagascar	-0.7	-0.9	14.2	-1.1	-0.01	-0.01	0.17	-0.01
Malawi	-3.7	-4.5	51.4	-4.7	-0.09	-0.10	1.18	-0.11
Mauritius	-1.1	-1.3	37.7	-1.4	-0.01	-0.01	0.40	-0.01
Mozambique	-10.3	-11.4	217.6	-13.8	-0.09	-0.10	1.84	-0.12
Rwanda	-1.1	-0.5	22.9	2.7	-0.02	-0.01	0.40	0.05
Tanzania	-2.9	-1.1	97.2	-0.7	-0.01	0.00	0.36	0.00
Uganda	26.7	40.9	105.3	72.7	0.15	0.23	0.59	0.41
Zambia	-8.0	-9.8	160.5	-10.3	-0.05	-0.06	0.97	-0.06
Zimbabwe	0.0	-1.0	187.3	1.2	0.00	-0.02	3.12	0.02
OEastAfrica	1.5	21.2	98.5	75.6	0.00	0.03	0.16	0.12
SCAfrica	-57.7	30.3	101.9	14.5	-0.08	0.04	0.13	0.02
Botswana	-10.4	-13.9	234.8	-16.1	-0.08	-0.10	1.76	-0.12
Namibia	45.1	39.2	286.3	67.4	0.38	0.33	2.43	0.57
SouthAfrica	410.6	393.6	1089.0	637.7	0.12	0.12	0.33	0.19
OSACU	32.4	29.8	64.3	32.1	0.76	0.70	1.51	0.75
Egypt	10.0	9.9	83.4	29.1	0.01	0.01	0.05	0.02
OAfrica	-10.7	-15.4	-60.2	-8.1	0.00	0.00	-0.01	0.00
EU27	-104.9	-153.7	-307.0	-91.0	0.00	0.00	0.00	0.00
RoW	-205.3	-272.1	-619.7	-177.8	0.00	0.00	0.00	0.00
Total World	**122.3**	**118.9**	**2116.2**	**735.4**	**0.00**	**0.00**	**0.00**	**0.00**
Total TFTA	**443.2**	**560.1**	**3103.0**	**1012.4**	**0.05**	**0.07**	**0.36**	**0.12**

Source: Adapted from Willenbockel, 2014.

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