



Hogan
Lovells

Building Blocs to Free Trade in Africa

Building Blocs to Free Trade in Africa

1. Southern African Development Community (SADC)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC

UDEAC (2)

OHADA

Tripartite FTA

Formation

Originally known as the Southern African Development Co-ordination Conference (SADCC), the SADC was launched on 1 April 1980. The Declaration and Treaty establishing the current SADC, which replaced the SADCC, was signed on 17 August 1992 in Windhoek, Namibia.

Purpose

SADC strives for regional integration, built on democratic principles, and equitable and sustainable development to achieve and promote economic development, peace and security and growth, and to reduce poverty, enhance the standard and quality of life of the people of Southern Africa, and support the socially disadvantaged through regional integration.

The SADC is one of the five pillars of the Africa Economic Community (AEC), an organization that aims to promote economic, social and cultural development as well as African economic integration in order to increase self-sufficiency and endogenous development and to create a framework for development, mobilisation of human resources and material. It further aims to promote co-operation and development in all aspects of human activity with a view to raising the standard of life of Africa's people, maintaining economic stability and establishing a close and peaceful relationship between member states.

What has it achieved so far?

Yes, SADC free trade area was established in August 2008 - 85% of intra-regional trade amongst the partner states attained zero import tariffs. Maximum tariff liberalisation was attained by January 2012, when the tariff phase down process for sensitive products was completed.

(Twelve out of fifteen SADC Member States are part of the Free Trade Area, while Angola, DRC and Seychelles remain outside.)

Certain SADC member states (Botswana, Lesotho, Namibia, South Africa, Swaziland (SACU members) and Mozambique) concluded an Economic Partnership Agreement (EPA) with the EU in July 2014.

SADC is still in the process of establishing a Customs Union which will focus on trade and financial liberalisation, competitive and diversified industrial development and increased investment in the region, and which will pave the way for the establishment of a SADC Common Market.

Another key milestone, which follows the establishment of the Free Trade Area, Customs Union and Common Market, is the establishment of a SADC Monetary Union.

The final step in the process of deepening regional economic integration in SADC is the implementation of a Single Currency, which will establish the region as an Economic Union.

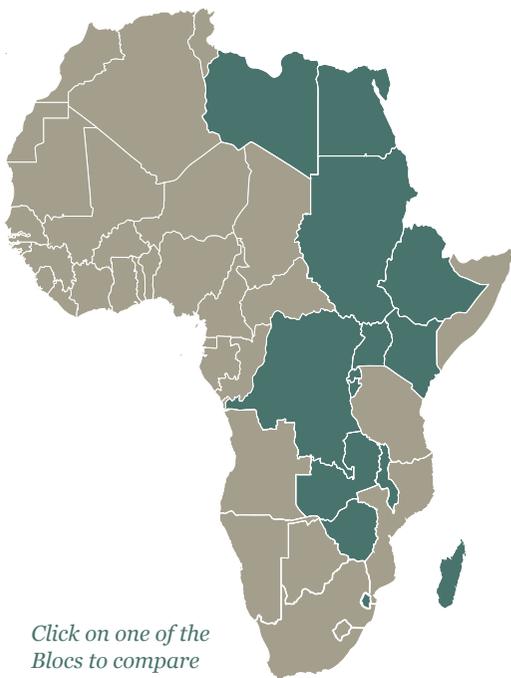
The target date for establishing a Single Currency is still years away. The model system for a Single Currency will initially be tested on the current CMA countries that use the South African Rand and if successful, will be ready to be rolled out to the rest of the SADC Member States as the region advances its integration process.

Current Members

- Angola
- Botswana
- DRC
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tanzania
- Zambia
- Zimbabwe

Building Blocs to Free Trade in Africa

2. Preferential Trade Area for Eastern and Southern African States (PTA) and Common Market for Eastern and Southern Africa (COMESA)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC

UDEAC (2)

OHADA

Tripartite FTA

Formation

The PTA was established on 22 December 1981 under the auspices of the United Nations Economic Commission for Africa and was replaced by COMESA in December 1994.

Purpose

The aim of the PTA was to promote cooperation and integration covering all the fields of economic activity, to raise the standard of living of the people by fostering closer relations among the member states, to create a Common Market in order to allow a free movement of goods, capital and labour within the sub-region and to contribute to the progress and development of the other African countries.

COMESA has been designated one of the five pillars of the AEC.

COMESA has a wide-ranging series of objectives, which include:

1. Promotion of peace and security in the region; and
2. Trade promotion in the region, which will be achieved by:
 - trade liberalisation and customs co-operation, including the introduction of a unified computerised customs network across the region;
 - improving the administration of transport and communication to

ease the movement of goods, services and people between the countries;

- creating an enabling environment and legal framework which will encourage the growth of the private sector, the establishment of a secure investment environment, and the adoption of common sets of standards; and
- the harmonisation of macro-economic and monetary policies throughout the region.

In short, COMESA aims to achieve economic prosperity through regional integration.

What has it achieved so far?

Yes, the FTA members have been very successful in eliminating customs tariffs and have also been working on the relaxation and eventual elimination of quantitative restrictions and other non-tariff barriers.

The COMESA Customs Union was also launched in June 2009, but has not yet been implemented as the member states are still in the process of enacting the following key legislation:

- the Common Tariff Nomenclature;
- the Common External Tariff; and
- the Common Market Customs Management Regulations.

Members of COMESA are:

- Burundi
- Comoros
- DRC
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Kenya
- Libya
- Madagascar
- Malawi
- Mauritius
- Rwanda
- Seychelles
- Sudan
- Swaziland
- Uganda
- Zambia
- Zimbabwe

In October 2000, some of the COMESA member states formed a free trade area (FTA), which have since grown and currently consist of the following members:

- Burundi
- Comoros
- Djibouti
- Egypt
- Kenya
- Libya
- Madagascar
- Malawi
- Mauritius
- Rwanda
- Seychelles
- Sudan
- Uganda
- Zambia
- Zimbabwe

Building Blocs to Free Trade in Africa

3. East African Community (EAC)



Click on one of the Blocs to compare

Formation

This regional intergovernmental organisation was first established in 1967, however it collapsed in 1977 and was revived on 7 July 2000.

The EAC is chaired by the president of Tanzania, John Magufuli.

Purpose

The Vision of EAC is a prosperous, competitive, secure, stable and politically united East Africa and its Mission is to widen and deepen Economic, Political, Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

The EAC aims at widening and deepening co-operation among the member states in, among others, political, economic and social fields for their mutual benefit.

What has it achieved so far?

Yes, the EAC countries established a Customs Union in 2005 and a Common Market in 2010.

The next phase of the integration will see the EAC enter into a Monetary Union (the Protocol for the establishment of the East African Monetary Union by the Heads of State was signed in November 2013) and ultimately become a Political Federation of the East African States.

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC

UDEAC (2)

OHADA

Tripartite FTA

Current Members

- Angola
- Botswana
- DRC
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tanzania
- Zambia
- Zimbabwe

Building Blocs to Free Trade in Africa

4. Southern African Customs Union (SACU) and Common Monetary Area (CMA)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC

UDEAC (2)

OHADA

Tripartite FTA

Formation

SACU was established on 29 June 1910 pursuant to a Customs Union Agreement (CUA) between the Union of South Africa and the High Commission Territories of Bechuanaland (Botswana), Basutoland (Lesotho) and Swaziland. When these territories became independent, SACU was re-launched on 11 December 1969 with the signing of an agreement between South Africa, Botswana, Lesotho and Swaziland. Namibia joined SACU as a member after it became independent from South Africa in 1990.

With the independence of Namibia and the end of apartheid in South Africa in 1994, SACU members embarked on new negotiations in November 1994, which culminated in a new SACU Agreement in 2002.

The CMA (allied to SACU) was a monetary union established in July 1986 between South Africa, Swaziland and Lesotho. The CMA originated from the Rand Monetary Area established in December 1974 and was replaced by the Multilateral Monetary Area (MMA), to which Namibia is also a party, with effect from February 1992 (however it is still referred to as the CMA).

Purpose

SACU's objectives are:

- To facilitate the cross-border movement of goods between the territories of the Member States;
- To create effective, transparent and democratic institutions which will ensure equitable trade benefits to Member States;
- To promote conditions of fair competition in the Common Customs Area;
- To substantially increase investment opportunities in the Common Customs Area;
- To enhance the economic development, diversification, industrialization and competitiveness of Member States;
- To promote the integration of Member States into the global economy through enhanced trade and investment;
- To facilitate the equitable sharing of revenue arising from customs, excise and additional duties levied by Member States; and
- To facilitate the development of common policies and strategies.

What has it achieved so far?

Yes, SACU entered into a free trade deal with the four-nation European Free Trade Association on 1 July 2006. Although SACU was unable to conclude a free trade agreement with the USA, a co-operative trade arrangement has been concluded, namely the Trade, Investment and Development Co-operation Agreement

(TIDCA) that will build on the trade benefits offered under the Africa Growth and Opportunity Act (AGOA). In this context, the Department will seek to extend and deepen the benefits of AGOA and work to ensure that the engagement with the US supports regional integration in Southern Africa.

The EPA that was concluded between certain SADC member states (including all SACU members) and the EU in July 2014, also benefits SACU in that it preserves SACU's functional coherence, particularly in regard to maintaining the common external tariff.

Also, in terms of SA forex rules and regulations, no foreign exchange may be purchased when traveling to countries within CMA, as they all accept SA Rand, but also no spending limit within CMA.

In Swaziland, (banking and finance) industry quite often adopts good practice provisions from South Africa, as part of Rand CMA, eg Swaziland Central Bank is bound by same exchange control regulations as South Africa (source: Rob Cloete).

Current Members

- South Africa
- Lesotho
- Swaziland
- Namibia

Building Blocs to Free Trade in Africa

5. Economic Community of West African States (ECOWAS)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC

UDEAC (2)

OHADA

Tripartite FTA

Formation

ECOWAS was established on 28 May 1975, with the signing of the Treaty of Lagos.

Purpose

Since its creation ECOWAS has been promoting economic cooperation and regional integration as a tool for an accelerated development of the West African economy. Regional integration remains the most viable and appropriate tool for accelerating and achieving the sustainable development of the West African countries.

ECOWAS has been designated one of the five pillars of the AEC. It also serves as a peacekeeping force in the region.

What has it achieved so far?

Yes, it has introduced the transformational ECOWAS Vision 2020. The ECOWAS Vision 2020 is aimed at setting a clear direction and goal to significantly raise the standard of living of the people through conscious and inclusive programmes that will guarantee a bright future for West Africa and -shape the destiny of the region for many years to come. It is gratifying that the visioning process has achieved remarkable progress, culminating in the formulation and preparation of this Vision Document. This accomplishment represents a significant step, particularly given the commendable effort to involve all relevant stakeholders in the visioning process."

Economic Partnership Agreement (EPA) negotiations were officially launched at an all African, Caribbean, Pacific (ACP) level on 27 September 2002. In the West African region, the negotiations between EU and WA took off on 4 August 2004 following the launch of the Accra Road Map.

Main objective of West Africa – EU EPA is the establishment of a free trade area between Europe and West Africa (ECOWAS + Mauritania) through the gradual removal of trade restrictions between the two trade partners.

A regional trade policy has been developed along the lines of boosting exports to member states as well as to the rest of the world. Imports into the region are therefore seen as complementary to the exports of goods and services.

The Value added Tax (VAT) applicable in ECOWAS is placed on goods and services. The purpose of the VAT is to generate tax revenues for the community.

Implementation of the ECOWAS Common External Tariff (CET) (2015-2019) together with its Supplementary Protection Measures (SPM) and 2015 Fiscal Policy Measures took effect from April 11, 2015.

Current Members

- Benin
- Burkina Faso
- Cape Verde
- GambiaGhana
- Guinea
- Guinea-Bissau
- Cote d'Ivoire
- Liberia
- Mali
- Nigeria
- Senegal
- Sierra Leone
- Togo

Building Blocs to Free Trade in Africa

6. Customs and Economic Union of Central Africa (UDEAC)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC (1)

UDEAC (2)

OHADA

Tripartite FTA

Formation

The UDEAC was established by the Brazzaville Treaty in 1964 (revised in 1974), which became operational on 1 January 1966.

In October 1983, the leaders of the UDEAC agreed to form a wider economic community of Central African states and the Economic Community of Central African States (ECCAS) was established by the UDEAC members, São Tomé, Príncipe and the members of the Economic Community of the Great Lakes States (DRC, Burundi and Rwanda). Angola became a full member in January 1999.

In March 1994, the UDEAC members signed a treaty for the establishment of an Economic and Monetary Community of Central Africa (CEMAC) to promote the process of sub-regional integration within the framework of an economic and monetary union with the Central Africa franc (CFA) as a common currency. UDEAC was officially superseded by CEMAC in June 1999.

In January 2003, the European Union concluded a financial agreement with ECCAS and CEMAC, conditional on ECCAS and CEMAC merging into one organization, with ECCAS taking responsibility for the peace and security of the sub-region through its security pact, Council for Peace and Security in Central Africa (COPAX). The reason being that countries of the Central African sub-region are struggling to emerge due to the multiplicity of its economic blocs, each

with their own legal instruments. This merger has not yet taken place, but is well under way.

Purpose

The UDEAC was created with the objective of fostering economic integration among member states. However, over the years following its creation this objective was progressively ignored and regional integration was hindered by individual states' highly complex and inefficient national systems of customs and indirect taxes.

CEMAC's main objectives are to:

- create a common market based on the free movement of people, goods, capital and services;
- ensure stable management of the common currency;
- securing the environment for economic activities and business in general; and
- harmonizing regulations of national sectoral policies.

ECCAS has been designated a pillar of the AEC. ECCAS is an organisation for the promotion of regional economic co-operation in Central Africa. It "aims to achieve collective autonomy, raise the standard of living of its populations and maintain economic stability through harmonious cooperation".

The ultimate goal for ECCAS is to establish a Central African Common Market. At the Malabo Heads of State and Government Conference in 1999, four priority fields for the

organization were identified:

- to develop capacities to maintain peace, security and stability - as essential prerequisites for economic and social development
- to develop physical, economic and monetary integration
- to develop capacities to maintain peace, security and stability - as essential prerequisites for economic and social development
- to develop capacities to maintain peace, security and stability - as essential prerequisites for economic and social development

What has it achieved so far?

Yes, the UDEAC had been fully implemented – its main achievements were the realisation of several infrastructure and construction projects, its efforts towards the harmonisation of national fiscal and customs systems as well as the fact that it encouraged the regular meeting and cooperation of the political leaders of the newly established member states. However, due to lack of commitment from and communication and cooperation between the member states, financial shortages due to the irregular payment of contributions and the economic crises of the 1980's, the regionalisation process became completely inactive.

[click here to read more](#)

Building Blocs to Free Trade in Africa

6. Customs and Economic Union of Central Africa (UDEAC) (continued)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC (1)

UDEAC (2)

OHADA

Tripartite FTA

What has it achieved so far? (continued)

CEMAC has also been fully implemented, but to date it has not achieved its objective of creating a customs union.

In 1994, CEMAC succeeded in introducing quota restrictions and reductions in the range and amount of tariffs. Currently, CEMAC countries share a common financial, regulatory, and legal structure, and maintain a common external tariff on imports from non-CEMAC countries. In theory, tariffs have been eliminated on trade within CEMAC, but full implementation of this has been delayed. Movement of capital within CEMAC is free.

The Regional Economic Programme (PER) of CEMAC has an emerging agenda (2010 - 2025) in three five-year phases for the realization of Vision 2025 of CEMAC: Phase (2010-2015), which involves the construction of the institutional foundations of the emergence; phase (2016-2020) is the "anchor of the pillars of economic diversification of the Community. The period (2021-2025) aims to consolidate the previous phases. After its completion, it will lead to the creation of an economic space emerging at the CEMAC in 2025.

Although ECCAS became functional in 1985, when the founding treaty had been ratified by all members, it has not been fully implemented as of yet.

Current Members

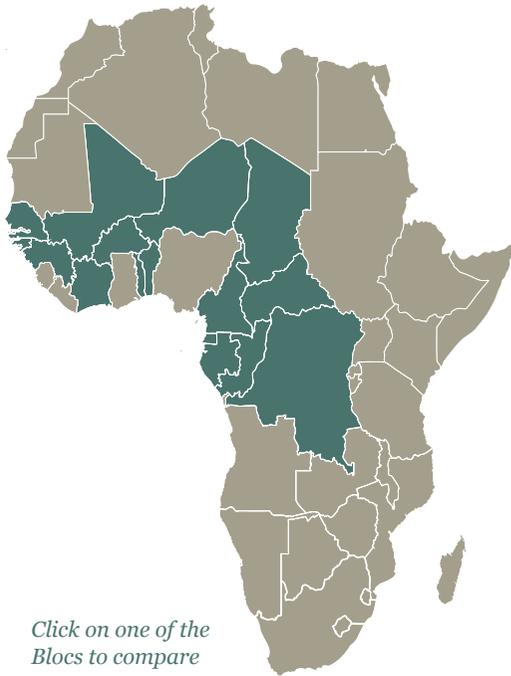
- Cameroon
- the Central African Republic
- Chad
- the Republic of Congo
- Gabon
- Equatorial Guinea

The following states are members of ECCAS (members of CEMAC are marked with a *):

- Cameroon*
- the Central African Republic
- Chad*
- the Republic of Congo*
- Gabon*
- Equatorial Guinea
- São Tomé Príncipe
- DRC
- Burundi
- Angola

Building Blocs to Free Trade in Africa

7. Organization for the Harmonization of Business Law in Africa (OHADA)



Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC (1)

UDEAC (2)

OHADA

Tripartite FTA

Formation

OHADA is a system of business laws and implementing institutions adopted by 17 West and Central African states and was created on 17 October 1993 in Port-Louis, Mauritius.

Any member state of the Organization of African Unity (OAU) can become a member of OHADA and any other state not member of the OAU but invited to join the common agreement of all states parties can also become a member of OHADA. The geographical area is therefore beyond the borders of the franc zone.

Purpose

OHADA's main objective is to overcome the legal and judicial insecurity in the member states.

Besides the restoration of the legal and judicial security of economic activities in order to restore investor confidence, and facilitate exchanges between member states OHADA also has the following objectives:

- make available to each member state a set of simple common rules, adapted to the modern economy;
- promote arbitration as a quick and discreet instrument of commercial disputes;
- improve the training of judges and judicial officers;
- prepare regional economic integration

What has it achieved so far?

Yes, the principal achievement of this new organization is that it has largely fulfilled its aim in the production of uniform law. OHADA has delivered nine uniform acts. With the exception of employment law, all the subject matters enumerated at art. 2 of the treaty have been codified in a uniform act. In the last few years, three of the original uniform acts have been amended or replaced, which serves as proof that OHADA regularly reviews and modifies/updates these acts.

Current Members

- Benin
- Burkina Faso
- Cameroon
- Central African Republic
- Chad
- Comoros
- Republic of Congo
- Cote d'Ivoire
- Equatorial Guinea
- Gabon
- Guinea
- Guinea-Bissau
- Mali
- Niger
- Senegal
- DRC
- Togo

Building Blocs to Free Trade in Africa

Tripartite FTA

In 2008, after negotiations with the SADC and COMESA, the EAC agreed to an expanded free trade area (Tripartite Free Trade Area (TFTA)) including the member states of all three organizations.

The countries covered under the TFTA range from Egypt to South Africa, a group that has a combined population of 625 million people and an aggregate GDP of US\$1 trillion. These figures represent half of the African Union's membership and 58 percent of the continent's economic activity, according to COMESA.

One of the main benefits of the TFTA is a larger, integrated, and growing regional market that can increase the interest of foreign investment and provide a basis for enhanced intra-African trade.

According to Minister of Trade and Industry, Dr Rob Davies, the underlying rationale for African economic integration is that African markets are small by global standards, and certainly too small to support economic diversification and industrialisation of the individual countries.

According to Davies: "The establishment of the TFTA is not only a political vision but makes business sense. The creation of larger markets with greater critical mass will not only enhance the African

investment proposition, it is also the only way Africa will compete effectively in the global economy. Regional integration is therefore critical to accelerated, inclusive and sustainable growth in Africa".

According to Deputy President Cyril Ramaphosa, the TFTA will offer "limitless opportunities" to world markets such as Japan, once established.

The launch of the 26-country TFTA deal took place on 10 June 2015 in Sharm El Shiekh, Egypt. So far, 16 countries have signed the TFTA Agreement but are yet to ratify. At least 14 Tripartite Member States are required to ratify the Agreement for it to enter into force.

The African Union has set 2017 as the time for the implementation of TFTA, under which African states are expected to reduce trade barriers among themselves by drastically reducing export and import duties and waiving visa requirements in some cases. According to COMESA, great progress has been made in the negotiations process that include finalizing the outstanding work in Phase I (of the TFTA negotiations) relating to Rules of Origin, elimination of import duties and trade remedies. At the launch of the TFTA, Heads of State and Government directed the Member States to expedite the process towards the operationalization of the TFTA by finalizing these outstanding issues.

COMESA has also encouraged Member States to ensure that the outstanding issues from Phase I negotiations are finalized within the 12 months from June 2015 as decided by the Tripartite Council of Ministers.

Click on one of the Blocs to compare

SADC

PTA & COMESA

EAC

SACU & CMA

ECOWAS

UDEAC (1)

UDEAC (2)

OHADA

Tripartite FTA