RECs, trade and integration

By PATSON PHIRI

Three Regional Economic Communities (RECs) in Africa are fast cruising towards unifying their programmes to push the challenges faced in meeting the World Trade Organisation rules and other sticky issues on a softer path.

At a fifth meeting of the COMESA, EAC and SADC Joint Task Force that took place at Hotel Zamani Kempinski in Zanzibar, on 28 May, 2007, the three REC's agreed on a speedier process to meet major demands as stipulated in the WTO rules and take integration programmes to a higher pedestal.

WTO rules were set out to facilitate the flow of international trade but have been widely criticised as obstacles to the same international trade they seek to protect.

The rules have been cited as tools for creating unnecessary obstacles to trade and impairing the rights of member states to trade with the World's lucrative markets.

In the meantime, questions have been asked as regards their level of transparency in application due to the lack of a clear mechanism to provide impartiality, transparency, predictability, consistency and neutrality.

Other sticky points remain on technical barriers to trade, sanitary and phyto-sanitary standards, rules of origin, access to EU legislation and the effect of the EU's farm trade reform.

The three REC's passed a resolution to start internal consultations within each of the RECs as a building block towards creating a more unified community by dealing with international trade issues that relate to these trade barriers and other challenges.

This, it is hoped, will help create a more open platform to integrate their programmes.

A Joint Summit of COMESA, EAC and SADC Member States in the wake of the current pace of integration in the areas of Trade, Customs and Infrastructure is being planned for the first time ever.

The Summit is being planed as a follow up to a position taken by the COMESA Summit that took place in Kenya— from 23 to 24 May—that directed the chair of COMESA to consult with other states, which currently head the EAC and SADC.

The Joint Task Force directed the Technical Committees to convene their working group meetings urgently to ensure early progress ahead of their next meeting to be held in Zambia on 9 October.

The three RECs are pondering a move to review progress made so far with the harmonisation of programmes in a number of critical areas that border on the integration agenda including rules of origin, safeguards and trade remedies, valuation and customs best practices, among others.

There is also a plan to review customs declaration documents, FTA tariff elimination timeframes and Customs Union Timeframes.

Others are Common Tariff Nomenclature, Sensitive Products under Customs Union, Customs Management Act, Non-tariff Barriers, Regional Customs Bond Guarantee Schemes, Competition Law and Policy, Sanitary and Phytosanitary Measures and Trade in Services.

Standards, Trade arrangements between COMESA-SADC, COMESA-EAC, SADC-EAC, Common Trade Policy with regard to African Union and African Economic Community, status of Integration of RECs and status of Multilateral Negotiations and EPAs are also under review by the three RECs.

The meeting recognised that the East African Community had declared a Customs Union in 2005.

COMESA, on the other hand, announced its Common External Tariff (CET) at the just-ended COMESA Summit in Nairobi, and would declare a Customs Union in 2008.

SADC would declare its Free Trade Area in 2008 and a Customs Union in 2010, as re-affirmed by the SADC Extra-Ordinary Summit of the Heads of State and Government held in Midrand, South Africa in October, 2006.
The process of harmonisation of customs and trade instruments as ongoing, continue to take into consideration the developments within the various RECs, in particular, the time frames for the FTA, Customs Union and Common Market.
The process is also mindful of the ultimate, that is, the integration of the continent of Africa, with the RECs operating as building blocks to the continental integration process, to build a larger African market, which will facilitate Africa's competitiveness.
Dr Ibrahim Msabaha, the Minister for East African Cooperation of the United Republic of Tanzania opened the meeting and encouraged the three RECs to continue to work tirelessly to facilitate harmonisation of programmes within the three RECs, especially in the areas of integration.
The meeting was chaired by, Beatrice Kiraso, EAC Deputy Secretary General for Political Federation.
Also in attendance was Dr Tomaz Salomao, SADC Executive Secretary, Mr Erastus Mwencha, Secretary General of COMESA.
Senior officials of COMESA, EAC and SADC responsible for customs, trade and infrastructure held preparatory meetings ahead of the Joint Task Force meeting before attending the main gathering.
The meeting reviewed the status of implementation of the various customs and trade instruments and recognised that the three RECs had made substantial progress with harmonisation of various customs and trade instruments, and expressed the desire to standardise some of the instruments where this was practicable.
Regarding infrastructure, the task force noted that significant process had been made with development of joint multilateral instruments in the Road Sector and the Air Transport Sector, in particular relating to the implementation of Yamoussoukro Decision on Open Skies Policy, External Aviation Relations and a consolidated satellite based Upper Air Space Control Centre for the three sub-regions.
Others are the harmonisation of Road User Charges, Third-Party Insurance, Multilateral Road Transport Agreements as well as Vehicle Dimensions and Specifications.
The meeting recommended a joint approach to implementation of the regional telecommunications networks based on the COMESA Comtel Project, the SADC Regional Information Infrastructure (SRII) Project as well as a harmonised approach to the implementation of the Nepad Broadband East African Submarine Cable (EASSY) which will facilitate connectivity with North Africa, the Oceanic Islands and the rest of the world.
Milestones were also recorded in seeking to address the challenges the three sub-regions are facing in respect of energy security— as in all the regions— the forecast energy demand surpasses energy supply, making the continent unattractive to investment and increasing the cost of doing business.
The challenge of energy shortfall has resulted from the increased industrial activity in the three regions against the lack of corresponding investment particularly in the last decade.
The Joint Task Force recommended some strategies aimed at enhancing energy capacity through least cost options in development of regional projects.
The recommendations included accelerating the implementation of the inter-connector projects in all the sub-regions under the auspices of the Southern African Power Pool (SAPP) and East African Power Pool (EAPP)
They also undertook to speed up implementation of inter-connectors between SAPP and EAPP, to be facilitated by the signing of the SAPP-EAPP Memorandum of Understanding.
They discussed the issue of resource mobilisation to develop and implement power plants in the sub-region on a medium to long-term basis, based on least cost options

and collective investment on projects, among them the Inga, which is centred in the Democratic Republic Congo.

Promoting the energy mix to optimal levels, to include gas, petroleum, thermal, biomass, bio-fuels and hydro were also issues that were put forward for consideration to beat challenges faced by the energy sector.

They also resolved to harmonise and finalise the Master Plans in various sectors within the three regions, given the overlapping membership of the RECs.

Southern Africa alone requires around US$11 billion for nine expansion projects aimed at boosting the region’s electricity generation capacity over the next four years.

On 23 February 2005, SADC took a decisive step by signing the revised landmark agreement to bring new players in the energy sector.

This effectively took on board private investors to widen energy supply and meet the escalating demand.

The agreement, signed by the Council of ministers in Gaborone, Botswana, is a revision of the 1995 Inter-Governmental memorandum of understanding establishing the Southern African Power Pool.

With the revised agreement, membership increased from 10 to 12 countries, thus covering all mainland SADC member states.

The Indian Ocean Islands of Mauritius and Madagascar are not party to the agreement.

By 2004/5, it was estimated that the region had a combined installed generation capacity of 52,743 megawatts while net generation output was about 45,000 megawatts.

The fear was that a generation reserve capacity of 10.2 percent must be maintained to cope with the increasing industrial activity.

This reserve however was fast being exhausted and projections are that it could run out by 2008 thereby plunging the region into a zone without further investment space— a dark zone without industrial life.