# SUPPORTING POLICY DIALOGUE AND ADVOCACY EFFORTS OF COMESA BUSINESS COUNCIL

## List of issues of concern to CBC members under AfCFTA and COMESA

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The COMESA Business Council (CBC) is a Business Member Organization and recognized private sector institution of the Common Market of Eastern and Southern Africa (COMESA).

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## ACKNOWLEDGEMENTS

COMESA Business Council (CBC) seeks to promote a unified position of engagement for the COMESA private sector– as a driving force in the creation of a market driven economy that embraces regional integration, competitiveness, trade and investment.

This report was developed as part of CBC's activities under the Business Policy Programs division, to support the private sector to better engage under the AfCFTA and benefit from an improved business environment. The report covers a list of issues identified in 2021 as part of undertaking regular monitoring to track developments relating to the implementation of the AfCFTA Agreement and Protocols, as well as other related issues of concern to the COMESA.

The paper was developed and approved in 2021 and formed the basis for identification of two policy issues to form the basis of policy positions that were developed into position papers as part of CBC's advocacy efforts.

The information used was derived from various sources, including CBC reports, relevant international and regional reports, country trade profiles, and also through engagements with key public and private sector stakeholders of CBC. In particular, we wish to thank the following stakeholder groups for their support in development of the paper: the Trade Policy Training Centre in Africa (TRAPCA); members of the CBC Agroindustry Workgroup; and members of the CBC Manufacturers Workgroup for their time and input in meetings during which the issues were identified, allowing for an in-depth assessment.

The issues paper was prepared by Mr. Shimukunku Manchishi, Trade Policy Expert, International Trade Centre National Consultant and further reviewed and edited by COMESA Business Council's Business Policy Programs Manager, Mr. Dickson Poloji, under the overall supervision of the Chief Executive Officer, Ms. Sandra Uwera.

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## 1. Introduction

This document constitutes a list of potential issues of concern to COMESA Business Council (CBC) members to be considered for preparation of position papers on two priority issues by the ITC Trade policy consultant, in collaboration with CBC. The issues raised in this paper were identified and developed on the basis of desk review and tracking of AfCFTA and COMESA activities. In addition, the issues were identified from the recommendations made by the private sector during working group meeting held by CBC. The issues considered included policy and regulatory issues affecting trade and investment, with special focus on matters relating to the agro-industry/manufacturing/ pharmaceutical sector within COMESA and also broadly the AfCFTA. The analysis was done taking into account the current trade patterns, priorities for trade negotiations, opportunities and challenges in relation to these two trade blocs.

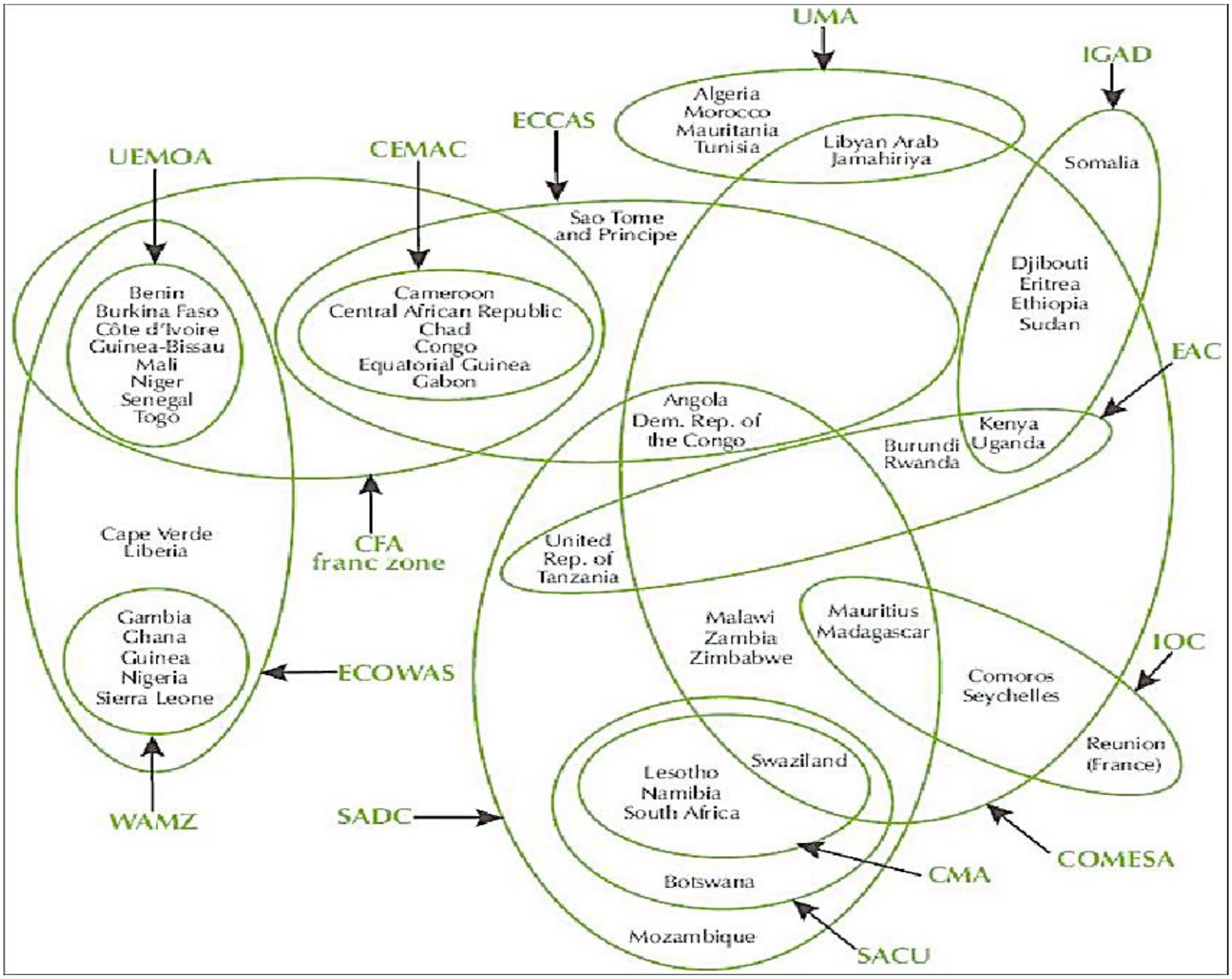
The paper is organised as follows; Section 2 outlines the proposed issues for consideration under the AfCFTA and section 3 provides proposed policy issues for consideration under the COMESA region. Section 4 provides a brief analysis of the issues under AfCFTA/COMESA and prioritisation of issues for further interrogation. Section 5 provides a recommendation of the two policy issues proposed for development into position papers.

## 2. Issues for consideration under AfCFTA

### 2.1 The RECs as building blocks for the AfCFTA: Issues for the Private sector

Africa is home to thirty (30) Regional Trade Agreements (RTAs) and the United Nations Economic Commission for Africa (UNECA) estimates that atleast 47 out of the 54 African countries are members of one Regional Economic Community (REC) as shown in Figure 1. These arrangements are cumbersome to implement because the rules associated with a particular REC are unique. Therefore, by belonging to several RECs simultaneously, compliance requirements are duplicated and complicated. Further, different sets of Rules of Origin (RoO) are met by the same product in different countries of origin and markets. Overlapping memberships also hinder harmonisation of standards and enforcement.

*Figure 1: The Spaghetti Bowl - Overlapping Regional Integration in Africa*




*Source: Adapted from UNCTAD Secretariat*

The African Continental Free Trade Area (AfCFTA) therefore aims to accelerate regional and continental integration through the consolidation of Africa's multiple and overlapping trading regimes embodied in pre-existing RECs. Article 19 of the AfCFTA Agreement goes someway in establishing a relationship between existing RECs and the AfCFTA by indicating that RECs which have themselves higher levels of regional integration than under the agreement, shall maintain such higher levels among themselves. This is also stated in the objectives of the agreement where it is explicitly specified that the Agreement aims to resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

However, the indications in the Agreement are that the aim of resolving the challenges of multiple and overlapping memberships will be superseded by the goal of preserving the RECs and their acquis. It remains unclear how the implementation of the agreement will address the multiplicity of RECs given the language which seems to prefer preservation of the RECs. This raises an important question on how the REC members and other AfCFTA parties will implement the agreement provisions. There is also need to appreciate the fact that RECs are not homogeneous entities and were established independently of each other, and differ in both structure and activity.

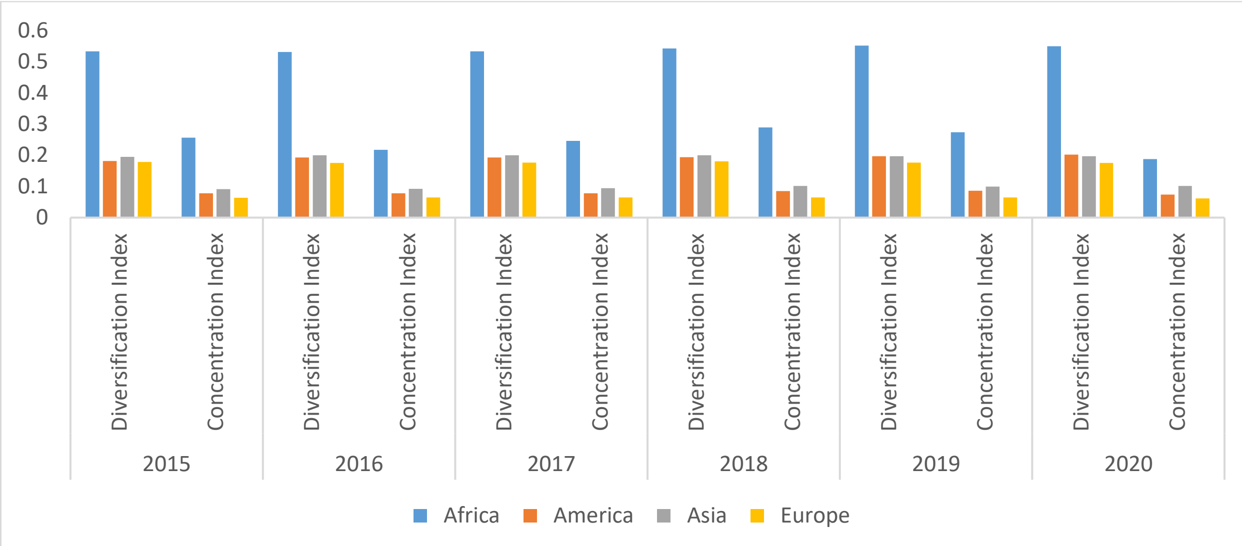
From the perspective of the business community, it is cardinal that there is clarity on the mandates of RECs and their compatibility with the AfCFTA. Further, there is need for an assessment of the areas of divergence and convergence of the AfCFTA and other RECs. There is also need to assess if the AfCFTA resolves issues around Africa's multiple trade regimes and if not, to investigate what would constitute appropriate policy options to resolve issues of persisting multiple trade regimes on the continent. The appropriate policy options to build and manage an interface between the AfCFTA and RECs is also a pertinent issue for consideration.

The foregoing issues can form the basis of a position paper on the interface between RECs and the AfCFTA in the eyes of the Business community.

## 2.2 Building of productive capacity of industries in the region for AfCFTA

Africa's low share in global trade and also intra-Africa trade can be attributed to many factors including poor productive capacities. The continent has continually engaged in the production of primary commodities and its participation in the global economy is limited to a range of primary products; Africa remains the least developed manufacturing region of the world. Consequently, African countries rely on overseas trading partners to meet their demand for manufactured goods. Notably, Africa's trade profile shows that the continent exports as well as imports all product categories. However, it exports more than it imports ores, metals, precious stones and fuels. The converse is true for manufactured goods, chemicals, machinery and transport and this is where Africa's productive capacity is lacking. As shown in Figure 2 which showcases export diversification and concentration among four continents with Africa clearly performing worse than the other three continents with regards to the two indicators.

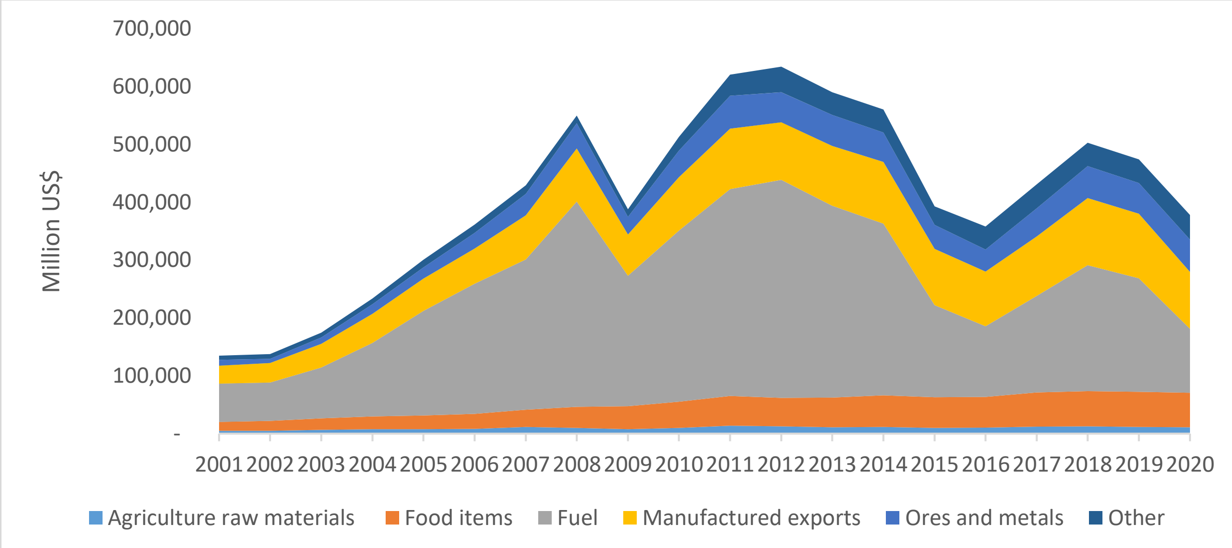
*Figure 2: Africa's Export Concentration and Diversification*




*Source: Author's construction based on data from UNCTADstat*

To boost the low levels of trade amongst nations on the African continent, diversification is required. Intra-Africa trade can be enhanced if countries develop productive capacities and support the development of regional enterprises and value chains. In line with this goal, the African Union has adopted a number of initiatives aimed at promoting industrialisation and diversification across the continent through the creation of regional and continental value chains to increase local production and trade in goods produced within Africa. These initiatives are aimed at diversifying Africa's exports which could lead to improved intra-Africa trade. Currently, Africa exports more of fuel and other raw materials whose markets are outside the continent as shown in Figure 3.

*Figure 3: Africa's main export products (2001 - 2020)*



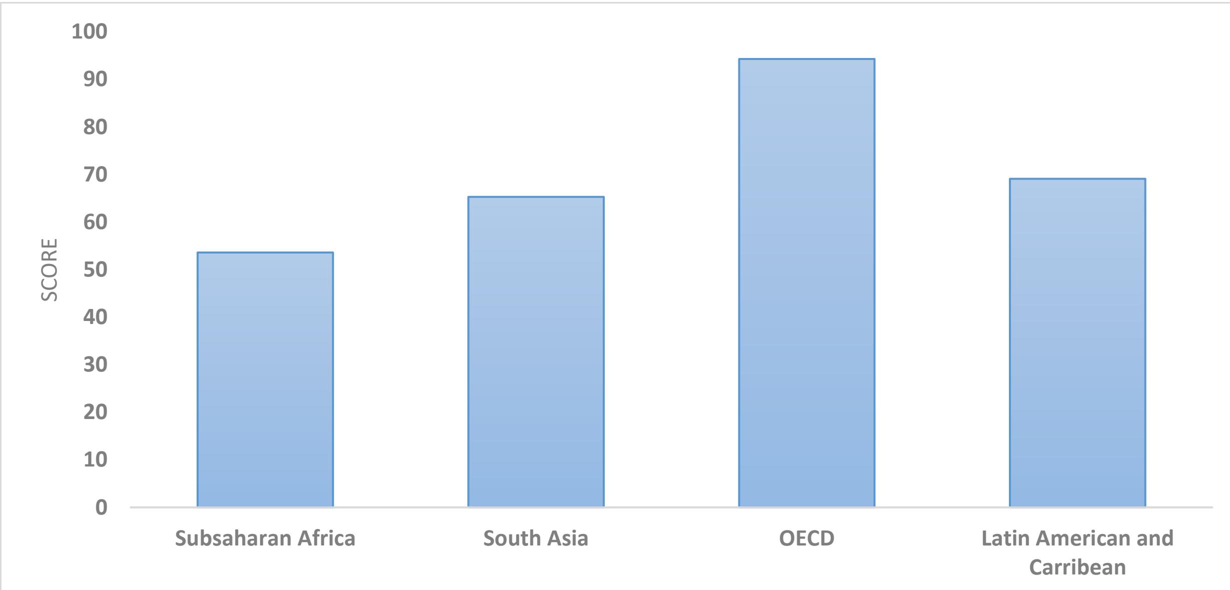

*Source: Author's construction based on UNCTADStat data*

For Africa's business community, these initiatives can facilitate requisite investments in the much needed production of manufactured goods. The challenge remains largely on the implementation aspect of these initiatives. A key issue for research would therefore be to assess the implementation challenges and potential solutions in Africa's quest to industrialise and improve its productive capacities. The policy paper on this subject can seek to elaborate the key challenges related to productive capacities such as lack of access to cheap and affordable financing, skills gaps, technology gaps among others and how they can be addressed within the scope of the AfCFTA and the already adopted initiatives.

## 2.3 Building trade related infrastructure in Africa

The insufficiency of trade related infrastructure has been a contributing factor to Africa's ostracism in the dynamic sectors of global trade and also relatively low levels of intra-Africa trade. As such, the inhibition to production and trade arising from poor infrastructure is more severe in Africa. Inadequate networks of road, rail and waterways make transport costs in Africa amongst the highest in the world. This is evidenced by Africa's poor performance in trade statistics such as the World Bank Ease of doing Business measure on trading across borders as shown in Figure 2 where Sub-Saharan Africa has the lowest score relative to other regions.

*Figure 4: Trading Across Borders - Regional Scores*




*Source: World Bank Ease of Doing Business Reports (2020)*

Africa's competitiveness is also inhibited by poor quality soft infrastructure such as ICT and energy. For instance, despite being endowed with numerous resources, Africa accounts for a paltry 3% of global energy generation. Infrastructure is key in the production and movement of low cost, globally competitive goods and services. Within the scope of the AU and the AfCFTA, a number of initiatives have been adopted to develop and upgrade infrastructure across the African continent. These include the Programme for Infrastructure Development and the development of Transport corridors across the continent among others.

To facilitate international trade, high quality transport is cardinal for the movement of goods, services and people across borders. The business community in Africa can stand to benefit from initiatives aimed at facilitating the development of trade related infrastructure if they are implemented seamlessly. However, Africa continues to be beset by a number of implementation challenges relating to trade Infrastructure at the borders such as inadequate border facilities, poor ICTs among others. There is scope for research on the challenges faced in the provision of adequate trade related infrastructure. The business community can be engaged to highlight the key challenges faced under this pillar and also to obtain their key recommendations to address these challenges as the AfCFTA goes into full swing.

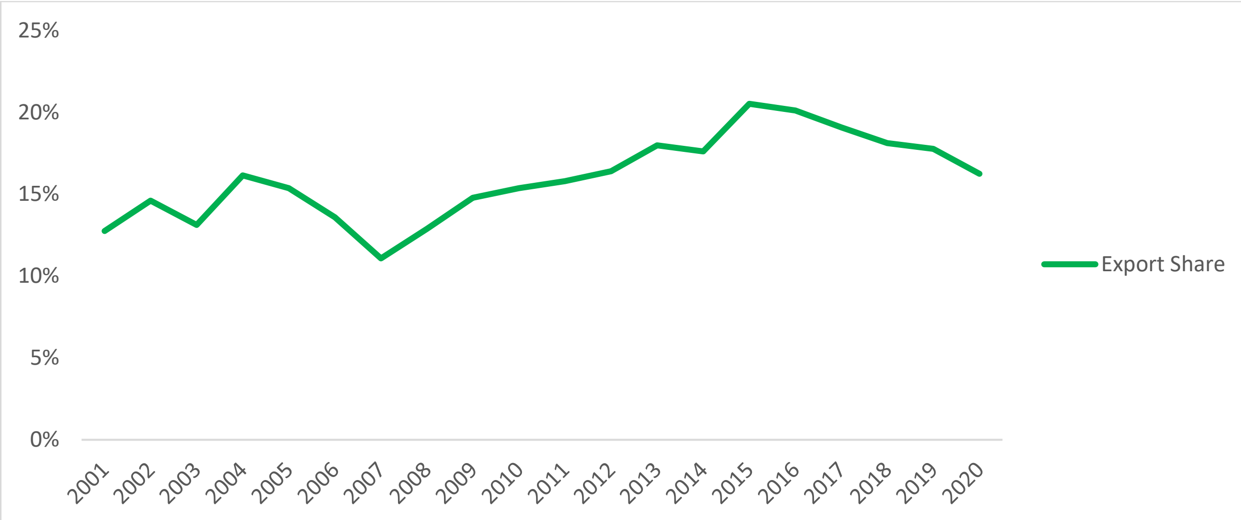
## 2.4 Trade liberalisation under AFCFTA

The AfCFTA has been heralded as a game changer for African trade in part due to its aim of substantially liberalising trade across the African continent. During the initial phase of negotiations, the goal was to liberalise trade to the tune of 90% while 7% would be classified as the sensitive list and the remaining 3% as the exclusion list. However, due to a lengthy negotiation process delayed in part by the COVID-19 pandemic, some changes have been made to enable the commencement of trade across the bloc. Liberalisation will now be done incrementally with an initial 81% of trade in the products that have agreed rules of origin. That notwithstanding, the goal is to achieved the initially agreed goals of liberalising 97% of products.

The allocation of goods to either the sensitive or exclusion lists is currently being negotiated among member states that have ratified the agreement. It is possible that the inclusion of exempt goods could limit intra-Africa trade gains. This is conceivable if we consider the narrow range of industries and products in many African countries. A few exemptions could easily end up covering a high proportion of country's exports thereby restricting potential new regional trade. To counter this, the exclusion list has been made subject to the anti-concentration clause which ensures that members are not able to include entire sectors in their exclusion lists.

Despite the existence of the exclusion list, the practical determination of excluded products can be a source of uncertainty to the business community thereby limiting the perceived benefits of the AfCFTA. This is apparent in the low levels of intra-Africa trade which continue to persist despite the proliferation of RECs across the continent. Figure 5 shows the low levels of Africa's exports within the continent as a share of its total exports.

*Figure 5: Intra-Africa exports as a share of Total exports (2001 - 2020)*




*Source: Authors' construction based on ITC Trade map data*

Research can therefore be undertaken to examine the perceptions of the business community on whether the exclusion lists across the continent will be restrictive to their exports. Recommendations on the mechanisms to address these restrictions on trade would form the basis of policy positions for implementation.

## 2.5 Developing a mechanism for implementation of Rules of origin

Rules of origin ensure that preferential market access is granted to goods wholly produced or substantially transformed in an FTA member state and not somewhere else and simply transformed through a member state. The design of these rules is vital to ensure that the rules themselves do not become a barrier to trade. If the cost of compliance outweighs the benefits afforded by the tariff preferences, the rules of origin can have a negative effect on the utilisation of preferences. Further, if the cost of compliance with the Rules of Origin exceeds the benefits of the lower tariffs, firms will choose to operate under a business as usual approach and pay MFN rates thereby foregoing the potential tariff benefits.

The AfCFTA has provided detailed rules of origin in Annex II which has also outlined the documentary requirements for certification and dispute settlement mechanisms. Negotiations on the rules of origin are still ongoing with 82% of product lines under the HS code system already settled. A combination of rules have been agreed upon with some regime wide general rules and also product specific rules. Often, Rules of origin are contentious in most FTAs and have been highlighted as one of the factors behind the restrictive low market access by African countries in markets such as the EU. On the other hand, less restrictive rules in preference schemes such as AGOA have been shown to be beneficial to Africa.

Some of the challenges that arise during the implementation of Rules of Origin relate to the compliance requirements for these rules. The dominance of SMEs in Africa exacerbates this challenge given that these enterprises have to comply with complex administrative requirements in the implementation of Rules of Origin. In addition, the co-existence of different RECs' rules of origin across the African continent means that firms must adhere to different rules depending on the trade agreement used when engaging in intra-Africa trade thereby increasing the complexity of trade rather than reducing it.

Considering that negotiations on the rules of origin within the AfCFTA are near completion, the focus area for the business community should largely be on the implementation bottlenecks that have so often blighted trade across the continent. It will likely be difficult for many firms across Africa to source affordable intermediate inputs either domestically or from within the trade area especially for manufactured goods. In addition, the type of certification allowed under the AfCFTA and implementation of certification processes will be a major determinant of costs and could be burdensome for SMEs and generally firms within the continent. There is scope for research to inform the compliance costs of rules of origin in the wake of the AfCFTA agreed rules of origin, building on firms' experience with RECs across the continent. Arising from the implementation and compliance costs and challenges identified, recommendations can also be made on ways to reduce costs and also reduce on restrictive compliance requirements.

## 3. Issues for consideration under COMESA

### 3.1 Varying regulatory requirements for pharmaceutical products in COMESA region

In recent years, Africa has deepened efforts to strengthen its pharmaceutical manufacturing capacity with the aim of improving public health outcomes as well as socio – economic and industrial development. Within the COMESA region, pharmaceutical production is not only subservient to guarantee access to affordable drugs and commodities for health challenges on the continent, but presents an opportunity for COMESA to industrialise and join global value chains. Local production of pharmaceuticals can advance industrial development, reduce external dependency, facilitate stronger regulatory oversight to curtail counterfeit products, improve the balance of payments through savings on foreign exchange and create jobs. Currently, the

COMESA region has a negative trade balance with regards to key pharmaceutical products as shown in Table 1.

*Table 1: The Trade Balance for key pharmaceutical products within the COMESA regions (2020)*

| Product label | Balance in value in 2020,US Dollar thousand |
|---|---|
| Wadding, gauze, bandages and the like, e.g. dressings, adhesive plasters, poultices, impregnated **...** | 10, 946 |
| Dried glands and other organs for organo-therapeutic uses, whether or not powdered; extracts **...** | -10, 329 |
| Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic **...** | -24, 986 |
| Pharmaceutical preparations and products of subheadings 3006.10.10 to 3006.60.90 | -118, 762 |
| Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera **...** | -792, 708 |
| Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put **...** | -4, 091, 066 |

*Source: Authors' construction based on ITC Trade Map data*

A number of COMESA member states have some form of pharmaceutical production. Conversely, the companies vary in product quality and the ability of the regulatory authorities to enforce standards. In these countries, manufacturers largely rely on imports for most of their inputs. The challenges that prevent the industry from scaling up production include steep investment requirements, the need for expertise and skilled workers, stringent quality standards, lack of cross border regulatory harmonization for regional markets, an uneven playing field for locally produced drugs against finished product imports that are value added tax exempt or duty exempt and insufficient access to supportive industries. In addition, product registration requirements vary from country to country. In some countries, the process is bureaucratic, costly and requirements are stringent. This increases the cost of compliance for Businesses. Further, the regulatory authorities in some countries have overlapping mandates and functions, which causes r implementation challenges at operational level. As such, there is need for member states to harmonize regulatory requirements to address the disparity in regulatory requirements specifically the procedures for registration including cost of registration, timelines for registration and inspections requirements. Another option is for member States to development a Mutual Recognition framework.

However, for the member states to approach the issue from an informed position, there is need for further assessment to be undertaken to determine the extent of the situation in the member states. This can form the basis for research work to assess the existing inspection and regulatory requirements across countries within the region. The study would analyse the actual variations in registration and inspection procedures among countries as a way of outlining the differences in regulation regimes. This would then form the basis for the private sector to advocate for harmonisation of regulations arising from clearly outlined variations across the region.

## 3.2 Development of a framework for implementation of product standards in COMESA region

According to Treaty establishing Common Market for Eastern and Southern Africa (COMESA), Member States undertake to:

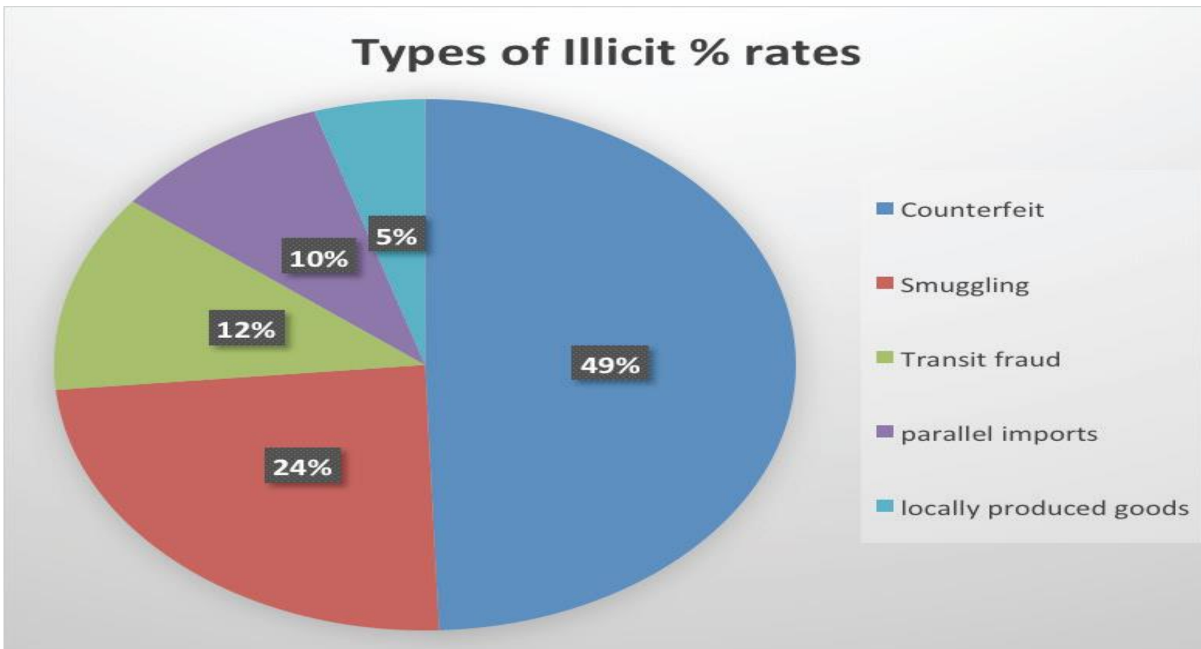
- apply uniform rules and procedures for the formulation of their national standards;
- adopt African regional standards and where these are unavailable, adopt suitable international standards for products traded in the Common Market;
- coordinate their views with regard to the selection, recognition, adaptation and application of regional and international standards in so far as the needs of the Common Market are concerned, and constantly endeavor to improve the standardization of goods and services within the Common Market; and
- apply the principle of reference to standards in their national regulations, so as to facilitate the harmonization of their technical regulations.

In addition, COMESA recognises the African Regional Organization for Standardization (ARSO) as a leading co-operating partner in the implementation of appropriate provisions of COMESA Treaty on Standardisation. Based on the above, COMESA has an arrangement with ARSO to develop regional products standards for COMESA member States. However, implementation of these products standards developed with assistance of ARSO can be a challenge if member states are not willing to domesticate them at national level to facilitate implementation. This calls for an additional level at regional to facilitate implementation of these ARSO product standards. It will be advisable for member states to consider developing framework to facilitate implementation of products standards within COMESA region. The absence of the framework was cited as one of the major challenges in implementation of regional standards in COMESA region. The product standards developed by ARSO are not binding unless they are either domesticated at national level or a regional framework is established to facilitate implementation. There is need to interrogate further feasibility of establishing regional framework to facilitate implementation of ARSO product standards.

### 3.3 Developing regional mechanisms to combat illicit trade

Within the COMESA region, illicit trade remains a menace that seriously affects both the public and private sectors. It undermines the concept of a free and open market place which is fundamental to improving competitiveness, increasing investment, generating jobs and ultimately contributing to economic growth of COMESA member states. In 2015, the COMESA Business Council undertook a study on combatting illicit trade in the COMESA region and showed the percentage rate of types of illicit trade that are prevalent within the region. The most prevalent form was found to be in locally manufactured goods as shown in locally manufactured goods as shown in Figure 6.

*Figure 6: Types of Illicit trade in COMESA (% rates)*




*Source: Adapted from COMESA Business Council, 2015*

Some of the adverse effects of illicit trade include among others revenue losses, unfair competition, health risks, and huge financial loses for companies, industries and governments. There is consensus amongst the business community in the COMESA region that some member states are doing their best to combat illicit trade. However, there is no regionally coordinated mechanism to combat illicit trade. This has resulted in a fragmented approach which makes it difficult to prosecute illicit trade cases effectively. Institutions tasked to combat illicit trade across member states have failed to collaborate and combine their efforts despite discharging similar mandates. Further, challenges relating to accessing upto date and reliable data on illicit trade persist thereby making it nearly impossible to measure the extent of illicit trade and also ways of resolving the problem. The lack of coordinated regional mechanisms to combat illicit trade can make it possible for countries without anti-illicit trade laws to serve as entry points and conduits of illicit trade in the whole region.

Currently, COMESA is expected to develop an anti-illicit trade framework. An area of focus would then be to provide input into the development of the framework from the perspective of the business community through the tobacco workgroup given anecdotal evidence on the prevalence of illicit trade in this sector.

### 3.4 Harmonisation of De Minimis thresholds in the COMESA region

Trade facilitation is regarded as a key pillar of integration as it allows for free movement of goods and services (both low and high value) in a trading bloc. This is true for the COMESA region where partner States have made progress towards improving trade facilitation. Yet, there are some challenges including those related to low value goods/shipments.

This has arisen because COMESA Partner States lack common or harmonized de minimis thresholds for products that do not appear on the COMESA Simplified Trade regime scheme. The varying de minimis thresholds across the Partner States, therefore constitute a major constraint to the regional trade in low value shipments. The situation has contributed to the high custom duties, hidden costs and long transit times experienced by traders. In the era of e-commerce, varying de minis regimes are also inhibitive to the growth of e-commerce within the region.

For the business community, it is therefore cardinal that de minimis regimes across the region are harmonised to create predictability in trade. A study can therefore be undertaken review global best practices of de minimis regimes and also examine the costs related to low or non-existent de minimis threshold for the COMESA region and also providing recommendations on the implementation of a harmonised De minimis regime.

### 3.5 Towards a harmonised regional framework on plastics waste management in COMESA

Within the COMESA region, plastics are currently among the most common groups of products garnering interest, from an industry and environmental perspective. On one hand, plastics are a key component in the manufacturing industry, distribution and packaging, retail and even for consumers. On the other, plastics if not managed well pose grave risks to the environment, public health and other economies that rely on environmental resources.

In fact, plastic production, disposal and waste management are responsible for significant greenhouse gas emissions and pollution. UNEP (2018) estimates global plastic production at 280 million tonnes, with a third being single use plastics, which burdens the environment and marine resources.

Within these discussions, there is growing recognition on the need for alignment between trade and environmental sustainability. For the private sector, as businesses become more integrated into regional and global chains, they are also exposed to various environmental obligations that need to be met along the production process, determining their competitiveness and continued existence.

At international level, the Basel and the Stockholm Conventions have expressed concerns over the impact of plastic waste, plastic litter, and micro plastics, and emphasised the importance of reducing consumption and ensuring the environmentally sound management of waste plastics. At COMESA Level, countries have singularly put in place mechanisms and polices to regulate plastic waste management within their respective countries. However, currently there is no regional or harmonised framework to cater for plastic or waste control in COMESA yet 4 COMESA countries are part of the East African Community and the EAC has promulgated the Polythene Materials Control Bill, setting out a number of restrictions and control for manufacture, distribution and retail use of polythene control within the Community.

Several COMESA countries are party to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and the Stockholm Convention on Persistent Organic Pollutants, providing obligations for plastic waste control and management. However, due to the trade relationships, a regional approach is not only useful but also reduces the costs of individual implementation.

Notably, plastics are a key component for several manufacturing industries, and also used by most industries in packaging. The application of different standards across COMESA member countries results in high costs for manufacturers or industry as they have to meet different requirements across the countries in the region. For instance, the thickness threshold in COMESA countries varies (Ethiopia has a ban on nonbiodegradable plastic bags with a wall thickness of 0.03 millimeters or less, whilst Uganda and Zimbabwe's ban plastic bags less than 30 microns and Madagascar's ban is for plastic bags with less than 50 microns; Rwanda has a complete ban on polythene plastics). The disparities are an additional cost for businesses operating in multiple markets.

Therefore, a position paper can be developed to inform a framework for the harmonisation on plastic waste management within COMESA specifically the development of synchronised thickness thresholds.

# 4. Brief analysis of the issues under AfCFTA/COMESA and prioritisation of issues for further interrogation

## 4.1 Analysis of issues under AfCFTA

It is noteworthy that the five issues raised for consideration under the AfCFTA are topical and speak to the matters that the private sector are grappling with as the AfCFTA implementation process gains momentum. Some of the issues are based on the experiences of the private sector in the various RECs across the continent and are therefore flagged as potential impediments to the realisation of envisaged benefits from the agreement. Despite the relevance of all topics highlighted, only one can be prioritised for the time being and others could be considered for position papers in future.

The first issue on the interface between the RECs and the AfCFTA is a worthwhile undertaking as it addresses a long standing issue on the African continent. The multiplicity of RECs on the continent and the resultant administrative, economic and political costs associated with such scenarios pose a threat to the success of the AfCFTA given the implementation challenges that could arise regarding matters such as Rules of Origin. While this is a very topical and relevant issue for the private sector, perhaps a more rational approach would be to allow for the Agreement to take course and then engage in such a study to thrash out some of the bottlenecks that will arise from the parallel operation of the AfCFTA and the RECS.

The second issue which tackles the building of productive capacities for industries in the region for the AfCFTA is equally contemporary and addresses yet another age-old impediment to intra-Africa trade. Several scholars, policy makers and experts have buttressed the notion that Africa is plagued by a number of supply side factors that impede the development of its industrial base. The complex nature of industrialisation itself implies that a study to assess the key challenges to Africa’s productivity would require a lot more time to carry out a comprehensive study. Given the scope of work and timelines, this subject would better be considered over a longer time horizon.

The third issue focuses on building trade related infrastructure in Africa, yet another missing element in Africa’s integration agenda. The absence of adequate trade related infrastructure has been shown to affect trade by increasing trade costs both in terms of the financial outlay and also time spent in accessing markets. A bit similar to the previous issue, this is one study that requires a longer timeframe given the complex nature of some of the sub-themes within trade related infrastructure investments.

The fourth subject on trade liberalisation for the AfCFTA is also a pertinent subject when we consider the uncertainties that have arisen from phase I of negotiations under the AfCFTA. The deliberate schemes to limit trade through the use of exclusion lists can affect the attainment of liberalisation goals in the agreement. However, a major challenge that will arise in undertaking this study is that of data availability. Currently, negotiations are still taking place and offer schedules are not easily accessible for analysis. Ideally, this would be a good issue to examine given the significance of trade liberalisation in the Agreement.

The fifth issue under the AfCFTA focusses on the development of a mechanism for the implementation of rules of origin. This subject is critical if the benefits of the AfCFTA will accrue to the business community. The failure by most African countries to access markets under some global preference schemes has been attributed to their failure to comply with stringent rules of origin. Within the continent, this is also a widely discussed matter especially regarding stringent rules of origin and respective compliance costs within some RECs. The development of a policy paper on this issue will be relatively easier to undertake given the availability of data, on-going negotiations to refer to and the suitability of such a study to a short time frame.

## 4.2 Analysis of issues under COMESA

Similar to the issues raised under the AfCFTA, the five issues raised for consideration under the COMESA are alive to the challenges being faced by the private sector in the COMESA region. In fact, the issues under COMESA are even more relevant considering that the COMESA bloc has been existence for many years and overtime, the business community has experienced challenges in the implementation of various facets of the agreement. Once again, despite all issues being relevant, the nature of the assignment cannot allow for all issues to be developed into policy positions just yet. Instead, prioritisation will be cardinal.

The first topic which focusses on varied regulatory requirements for pharmaceutical products in COMESA region is crucial if we consider the potential that exits for pharmaceuticals within the region. Some countries have advanced in their ability to manufacture drugs and medicaments but continue to be plagued by the earlier highlighted challenges. The development of a position paper on this subject would require much more time, relative to the other studies given the need to undertake detailed assessment of the variations across all member states, something more suited to a longer period.

As regards the second issue on development of a framework for implementation of product standards in the COMESA region, there is need to look into the feasibility of establishing a framework to facilitate implementation of product standards in the COMESA region. COMESA will need to work in collaboration with ARSO to develop a feasible and well functional framework.

The third issue speaks to the development of regional mechanisms to combat illicit trade. As earlier indicated, COMESA is currently developing a framework under this subject and that the entry point for the CBC would be to provide input into the development of the framework. This means that the heavy lifting is already being done and the value add in repeating such as process would be nearly none.

The fourth topic which focusses on harmonisation of de minimis regimes across the COMESA region is very topical. It is equally a subject that can be tackled within the assignment timelines with little or no data access challenges. However, when ranked against the urgency and priority of the other issues as indicated by the private sector, this is a study that can be considered for future consideration.

The fifth issue under this section is on the harmonisation of plastic waste management in COMESA. This is an important issue when we consider the growing concerns regarding the trade and environment nexus as alluded to in the earlier detailed analysis. The issue is one that requires a longer timeline to find a fitting trade angle given the intricacies of plastic regulations which are often domestic in nature.

## 5. Conclusion

Based on the above analysis on prioritisation of issues for further research, there are two issues clearly emerging as priority in each of the trade bloc i.e AfCFTA and COMESA.

Under AfCFTA, the key issue identified is on the development of a mechanism for the implementation of rules of origin. This subject is critical if the benefits of the AfCFTA will accrue to the business community. The failure by most African countries to access markets under some global preference schemes has been attributed to their failure to comply with stringent rules of origin. Within the continent, this is also a widely discussed matter especially regarding stringent rules of origin and respective compliance costs within some RECs. The development of a policy paper on this issue will be relatively easier to undertake given the availability of data, on-going negotiations to refer to and the suitability of such a study to a short time frame.

Under COMESA, the key issue identified is development of a framework to facilitate implementation of product standards in the COMESA region.The absence of the framework was cited as one of the major challenges in implementation of regional standards in COMESA region. The product standards developed by ARSO are not binding unless they are either domesticated at national level or a regional framework is established to facilitate implementation. There is need to interrogate further feasibility of establishing regional framework to facilitate implementation of ARSO product standards.

## 6. Recommendations

Based on the above conclusion, I wish to propose the following two identified policy issues for detailed research and analysis in order to bring out pertinent issues for advocacy:

- Developing a mechanism for implementation of Rules of origin under AfCFTA;
- Development of a framework for implementation of product standards in COMESA.

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