



Requirements for Trading under the COMESA FTA Regime

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Overview of Requirements



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- i. Fulfilment of legal conditions**
- ii. Technical Requirements**
- iii. Capacity building in Customs/Revenue Authorities; and**
- iv. Sensitization and Capacity building among producers & traders**

Legal Requirements for COMESA FTA Trading



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- **Signing and ratifying the COMESA Treaty and depositing the instruments with COMESA Secretariat.**
- **Pursuing and finalizing the domestic legal process (e.g., through Parliament) to enact laws on application of border taxes that incorporate COMESA duty free**
- **Enacting the FTA's duty-free quota Free legislation;**
- **Appointment/designation of appropriate signatories to the Certification of Origin and circulation of the specimen signatures to all Member States**

NB: The Republic of Tunisia joined COMESA under Article 1(4) (2019) by virtue of neighboring Libya, which had been admitted earlier in 2006

Technical requirements for implementing the COMESA FTA:



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■ Protocol on Rules of Origin

- Guidelines on application of COMESA FTA trade regime and COMESA rules of origin (RoO).
- Revising the tariff book to incorporate the COMESA FTA tariff regime.
- Designation of competent (Institutions) to issue and administer Certificates of origin

Issuance of Certificates of Origin

- Generally issued by Customs Authorities and Chambers of Commerce
- Registration of exporters required, especially when the ECO comes into force
 - Important to avoid deflection of trade or diversion
 - Certificate of re-exportation



COMESA RULES OF ORIGIN REQUIREMENTS

- 1) Wholly produced goods
- 2) Goods have been produced in Member States Wholly or partially from outside the region:
 - The cif value of materials does not exceed 60% of the total cost of the materials used in production
 - The value added arising from the process of production accounts for at least 35 of the ex-factory price
 - The goods are classified or become classified under a tariff heading different from the tariff heading under which they were imported
- 3) Goods designated as being of particular importance to economic development of Member States. Such a list approved by the Council.



Simplified Customs Documents (Simplified Certificate of Origin)

- A trade facilitation document used for clearance of goods produced within a member state and whose value is USD 2,000 and below.
- Has simplified the complexity of associated with Single Entry Document in which small scale traders are able to easily fill.
- The products that qualify for clearance through the Simplified Certificate of Origin are the ones which appear in the common list of eligible products.
- Benefits of the STR
 - ▣ No import duty on COMESA originating products that appear in the common list
 - ▣ Saves money that would have been used trying to use unofficial routes (panya routes) in a bid to avoid payment of duty.
 - ▣ Saves time as a result of simplified customs clearance process where the form is available at the customs border station at no cost.



- **Building capacity in the Customs/Revenue authorities/Chambers of Commerce on:**
 - How to apply the COMESA FTA regime, on reciprocal basis; and
 - How to account for COMESA rules of origin provisions

- **Building capacity of private sector:**
 - Producers & traders to comply with COMESA FTA regime, including standards, rules of origin...

 - Compliance with Non-Tariff Measures (NTMs)...

 - Traders to understand options for resolving with Non-Tariff Barriers (NTBs) that might emerge...

Achievements & Experiences (cont'd)



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- **Duty-free access to the huge market under the COMESA FTA should encourage manufacturers & service providers to increase production to serve the enlarged market;**
- **Producers in COMESA FTA can benefit from economies of scale & from access to cheaper inputs;**
- **Beyond tariff elimination, established a range of Trade Facilitation Programmes, including One-Stop Border points**
- **Establishment of Specialized Institutions to support integration; Trade Development Bank, COMESA Monetary Institute, ZeP-Re, Clearing House, COMESA Competition Commission;**
- **Stable mechanism/framework for monitoring and resolution of NTBs**

Achievements and opportunities under the COMESA FTA (cont'd):



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- **COMESA FTA offers improved conditions for developing regional value chains & integrating to global value chains (GVCs);**
- **COMESA FTA offers access for consumers to a wider range of cheaper imported products from other COMESA countries.**
- **Opened up new markets for companies in COMESA countries, allowing them to expand through cross-border & regional investments.**
- **Expanded prospects arising harmonization with Tripartite FTA and AfCFTA regimes**

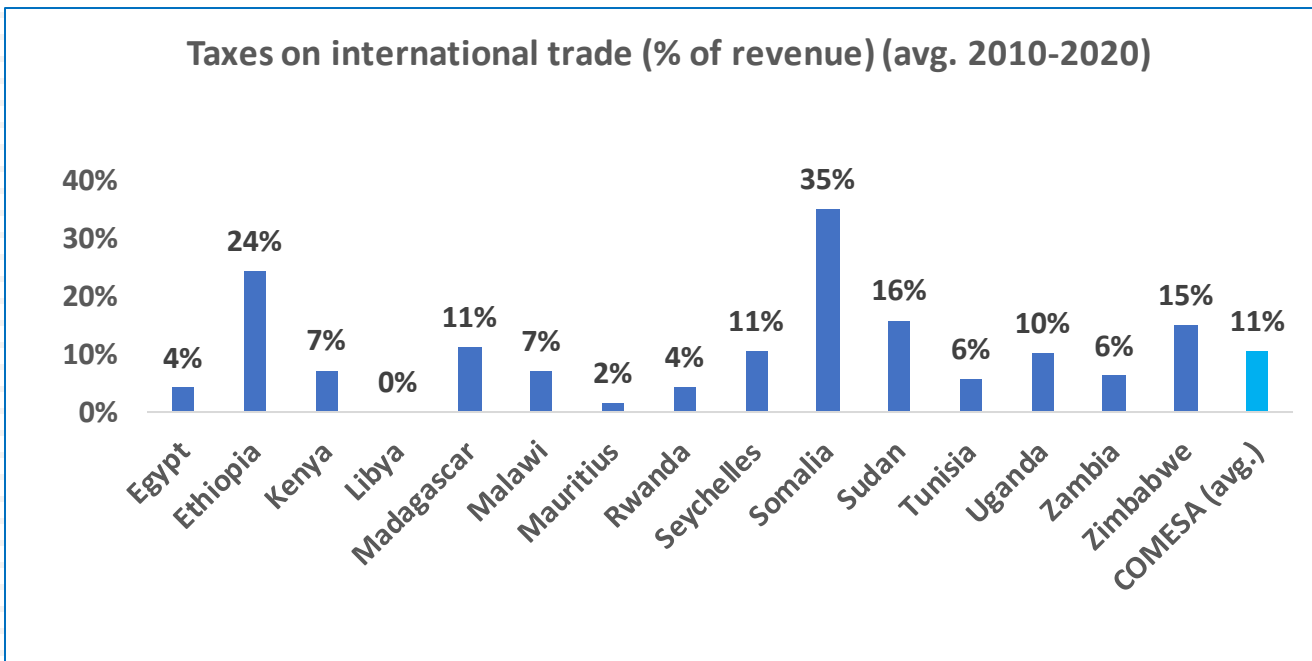
Challenges & Future Prospects



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Tariff reform-related challenges of full participation in COMESA FTA:

- International trade tax dependency & revenue loss risks;



No data on World Bank WDI for:

- Burundi
- Comoros
- DR Congo
- Djibouti
- Eritrea
- Eswatini

- Loss of tariff protection by sensitive industries;
- Potential trade diversion;
- Political preferences; etc.

Challenges & Future Prospects



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- **Non-Tariff Barriers:**
 - **More than 20 years since the formation of the COMESA FTA, protectionists sentiments linger on; while tariffs were reduced to zero, NTBs have remained pervasive...**
- **Stringent Regulatory regimes – High cost of doing business**
- **Limited awareness about existing opportunities by private sector, especially SSCBTs**
- **Infrastructure & services deficits in many countries cause transportation & logistical challenges, limited movement of people & traded goods...**
- **Low diversification**



Thank You