

CONTINENTAL FREE TRADE AREA (CFTA)

SITUATIONAL ANALYSIS STUDY

ON

REGIONAL ECONOMIC COMMUNITIES' (RECs) RULES OF ORIGIN

SUBMISSION BY BUSINESS UNITY SOUTH AFRICA

August 2017

Background

The complexities of developing common trade facilitating Rules of Origin for eight independent RECs (SADC; COMESA; EAC; IGAD; CEN-SAD; UMA; ECOWAS; ECCAS) necessitates the development of the situational analysis. The challenges with developing the CFTA RoO based on existing RECs' rules is that, there are only four sets of operational RoO in the continent. These being rules from EAC, COMESA, SADC and ECOWAS.

BUSA Position and Motivation

BUSA acknowledges the balanced approach to the situational analysis study. Basing the development of new SA RoO positions for the CFTA on the work already done in the Tripartite FTA would also be recommended.



It is understood that the majority of the CFTA Member states prefer the approach of general rules for conferring origin. The motivating factors to this being the nature of the general rules themselves and the CFTA launch deadline of December 2017. The situational analysis is rightfully in support of development of the product specific rules. BUSA is also in support of the development of clear and easy to administer list rules.

The absence of product specific list rules is not consistent with international best practice in ROO formulation. It is also imperative to note that, three of the four RECs Acquis' (SADC, EAC and COMESA) operate through product specific rules.

List rules simplify customs' administration as each tariff chapter, heading or subheading has a clear set of rules based on production processes and availability of raw material.

The consistency of the rules across existing agreements also enables provisions that help facilitate intra-Africa trade like cumulation. Cumulation with the EU is one example that calls for alignment of the RoO formulation with those within the RECs in the Continent and EPAs between RECs and the EU.

Business is in support of the following:

The statement in page 11: "The sensitivities under each of the products can be managed through formulation of specific rules with the proposed flexibilities that are required for 'Sufficient working or processing'."

Emphasis on the principles... "*promote regional integration, boost intra-African trade, support regional industrialization and the development of cross border value chains*".

Alignment of the CFTA rules with the international best practice and building on the *acquis*.