

Economic Effect of the proposed COMESA-SADC-EAC Free Trade Area on Eastern Africa

United Nations Economic Commission for Africa

Introduction

African governments have embraced regional integration as a strategy to accelerate economic development and reduce poverty. The primary goal of regional integration through Preferential Trade Agreements (PTA's) is to promote trade and deeper integration by reducing trade barriers and increasing market access to member countries. The proposed Free Trade Area between the Common Market for Eastern and Southern Africa (COMESA), the South African Development Community (SADC) and East African Community (EAC), has the main objective of strengthening and deepening economic integration in the southern and eastern Africa region. The COMESEA-SADC-EAC free trade area would include 26 African countries (more than half of the countries in Africa) with 57% of the population of the African Union. The free trade area is therefore considered an important milestone in the economic integration of the African continent.

Objectives

The free-trade area would have regional welfare and trade effects, country specific and sector specific effects. This study therefore seeks to evaluate the economic effect of the COMESEA-SADC-EAC free trade area on the Eastern

and South African region. Specifically the study would assess the trade and welfare effects of the free-trade area on the region and on the different countries and sectors within these countries.

Methodology

We will use the GTAP (Global Trade Analysis Project) CGE model and database (8.0 version) to measure the effects of the proposed COMESA-SADC-EAC Free trade area on welfare, trade flows, prices, consumption and production in the region.

Application of the results

The study will increase our understanding of the economic impact of proposed COMESA-SADC-EAC free trade area, as well as the distribution of benefits and losses among member countries and the results will have important implications for regional integration and trade policy formulation in the East African region.