Can The Tripartite Free Trade Area (TFTA) deliver effective and real trade liberalization for economic growth? A practitioner view

Stefano Inama[1]

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Abstract

The regional trade initiatives called the Tripartite Free Trade Area (TFTA) has been recently created to relaunch regional integration in Africa given the limited achievements of existing Regional Economic Communities (RECs) in liberalizing trade. Much of the success in international negotiations and subsequent implementation of trade agreements depends on previous analysis conducted at domestic level and the capacity to elaborate appropriate negotiating strategies reflecting the economic interests and objectives. In that perspective, this paper first explores the current status of the TFTA as an actor in global trade by assessing the existing trade performances of the TFTA member states and the structure of traded products. The data show that (i) the intensive margin of trade within the region turn out to be very limited (ii) export diversification constitutes a major challenge for TFTA members, both in terms of number of traded products and export destinations (iii) the share of traded manufactured products is relatively low and (iv) the utilization of current preferences granted under existing RECs is rather limited. Using the UNCTAD Trade Policy Simulation Model (TPSM), the trade creation and diversion effects of the TFTA have been estimated at the 6-digit tariff line level of the Harmonized System providing therefore precious indications to trade negotiators.

[1] Chief, Technical Cooperation and EIF section, Africa, LDC and special programs Division (ALDC), UNCTAD. The opinions expressed in this article report are those of the author and do not necessarily reflect the views of UNCTAD or of the organizations and institutions with which the author may be connected. The designations and terminology employed and the presentation of material in this article do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of the authorities or of its frontiers or boundaries.

I. Introduction

The African continent is enjoying one of the fastest economic growths in recent decades mainly thanks to its exports of raw materials and commodities. However the advancement in the participation of African countries to the global economy needs to be anchored to a sustainable economic and institutional framework allowing the spillover of such economic effects to SMEs and the African population. As international trade, especially intra Africa regional trade, could be a vehicle for a more homogenous growth[2], the regional trade initiatives called the Tripartite Free Trade Area (TFTA) has recently been created to relaunch regional integration in Africa given the limited achievements of existing Regional Economic Communities (RECs) in liberalizing trade. The participation to the Multilateral trading system and the development of regional trade initiatives, such as the TFTA, that are effectively conducing to trade liberalization and economic growth requires a capacity to evaluate options for negotiations, drafting of legal texts related to the mechanisms of trade liberalization and constructive negotiating positions that most of the African and LDCs may not possess. Thus limited human and resource capacity on trade laws and international economic law may be an obstacle to the African countries participation in the global economy.

Much of the success in international negotiations and subsequent implementation of trade agreements depends on previous analysis conducted at domestic level and the capacity to elaborate appropriate negotiating strategies reflecting the economic interests and objectives as well as development implications and expectations deriving from different options. In that perspective, this paper explores the current status of the TFTA as an actor in global trade by assessing the existing trade performances of the TFTA member states and the structure of traded products. By comparing intraregional trade and exports towards the rest of the world, it shows that trade within the region turns out to be very limited, both in terms of values and number of traded products. Export diversification seems to be an important issue, not only in terms of destination markets but also in terms of products. This constitutes a major challenge for TFTA members as the reduction in the marginal cost of exporting resulting from the tariff phase-out is, per se, not sufficient to automatically move toward products' diversification. Hence, including provisions on simplifying procedures, certification requirements, etc. should also be considered. In addition, data also highlights the very low share of trade in manufactured products and very limited utilization of current preferences granted under existing RECs. Increasing the value added of exported products should therefore be a priority objective that can only be achieved through structural changes. For trade policy makers, the low utilization rates of existing preferences provide a signal that the design of existing agreements may not be appropriate for LDCs that are unable to meet the requirements and overcome the constraints associated with strict rules of origin or heavy administrative load (eg. certification).

Ultimately, the participation of African countries to the global economy and the international trading system depend not only on the political will of these countries, but also on their capacity to evaluate, assess and draft sound legal and economic texts based on solutions that take into account the country's development level, economic interests, and expectations. The COMESA/SADC/EAC Tripartite Free Trade Area is not an exception to this preliminary

[2] Such sentiment is even aired in the editorial of some iconic newspapers such as the Economist see March 2 -8, 2013 issue, page 9.

observation. During negotiations, limited human capacity and resources in some African Delegations means that their laudable efforts for a deeper regional economic integration and participation incur the risk of being frustrated by lack of technical capabilities. For example agreed decisions in the first instance might then be reversed because the implications arising therein are not fully understood by stakeholders. Furthermore different level of technical preparation among the Delegations might lead to an unbalanced deal for the region. Worse of all there might be a temptation during the negotiations to resort to ad hoc solutions on the basis of spurious legal grounds according to an African way to accommodate various concerns. Such last minute accommodations are not vetted by the Secretariats of the RECs usually servicing the negotiating meetings nor by their legal service that normally should be exercising an overall supervision of the legal consistency and implementation feasibility of the legal texts emerging from the negotiations. In fact each of the major three RECs secretariats of the Eastern and Southern have lawyers employed in the respective Secretariats but their duties are not related to servicing the negotiating sessions of the FTA, nor they have recruited with a specific trade law background as a prerequisite.

Negotiations are under way for the establishment of the TFTA among 26 Member States of COMESA/EAC/SADC and delays have been already encountered in the starting of the negotiations. Albeit substantive early efforts have been made to arrive at the negotiations with a Draft FTA legal text, its legal drafting has been subject to a series of modifications that have weakened the initial objective to start negotiations on the basis of a sound legal draft. Drafting of negotiating texts or domestic legislation should be based on the coordinated involvement of the national authorities and private sector and should rely on substantive research. The descriptive analysis of the current trade structure of the TFTA members carried out in paper already constitutes a basis on which negotiators can rely when designing the agreement. In addition, in the second part of the paper, an adjusted version of the UNCTAD Trade Policy Simulation Model (TPSM), a static partial equilibrium model developed by S. Laird and A. Yeats (1986), was used to estimate trade effects of the Tripartite FTA. Although TPSM only provides the projected impact of the tariff phase-out on imports and exports assuming no other adjustment relative to prices or other macro-economic variables, its methodology present the advantage of being straightforward and most importantly, the impact is estimated at the 6-digit tariff line level. The model has been adjusted to account for the utilization rate level of preferences granted under the RECs, which is a major improvement. Indeed, given the low level of utilization rates, considering that RECs preferences are fully utilized would generate an important bias in the analysis. The main outputs of this simulation exercise are the estimated trade creation and trade diversion (disaggregated by country groups: other African and non-African developing countries or developed countries) effects as well as the government's forgone duty revenues. Hence, despite the limitation of the model and the data, the simulation results provide valuable indication for negotiators regarding the optimal tariff offers.

The remaining of the paper is organized as follow. The next chapter contrasts the current role of the TFTA in the world international trade flows. The descriptive analysis is further developed at the product-level in chapter III. The simulation model used in chapter IV assesses the potential impact of the TFTA in terms of trade creation and diversion, and the last section concludes.

II. Current status of the TFTA as an actor in global trade

The potential of the TFTA to foster intraregional trade is one of the main justifications for such an agreement. It is therefore very important to know where the region stands in terms of international trade performances in order to understand the TFTA perspectives and challenges. This chapter starts by exploring the 2010 trade data of the TFTA with the rest of the world and contrasts them with the intraregional trade. It shows that trade within the region appears to be very limited, both in terms of values and number of traded products. Thereafter, we provide an overview of the structure of trade through a product level analysis of most exported and imported products including highlights on diversification issues and a discussion about utilization of current preferences granted under existing Regional Economic Communities (RECs).

Total exports by country groups

Table 1 : Exports to the TFTA and to the rest of the world (RoW), by country group

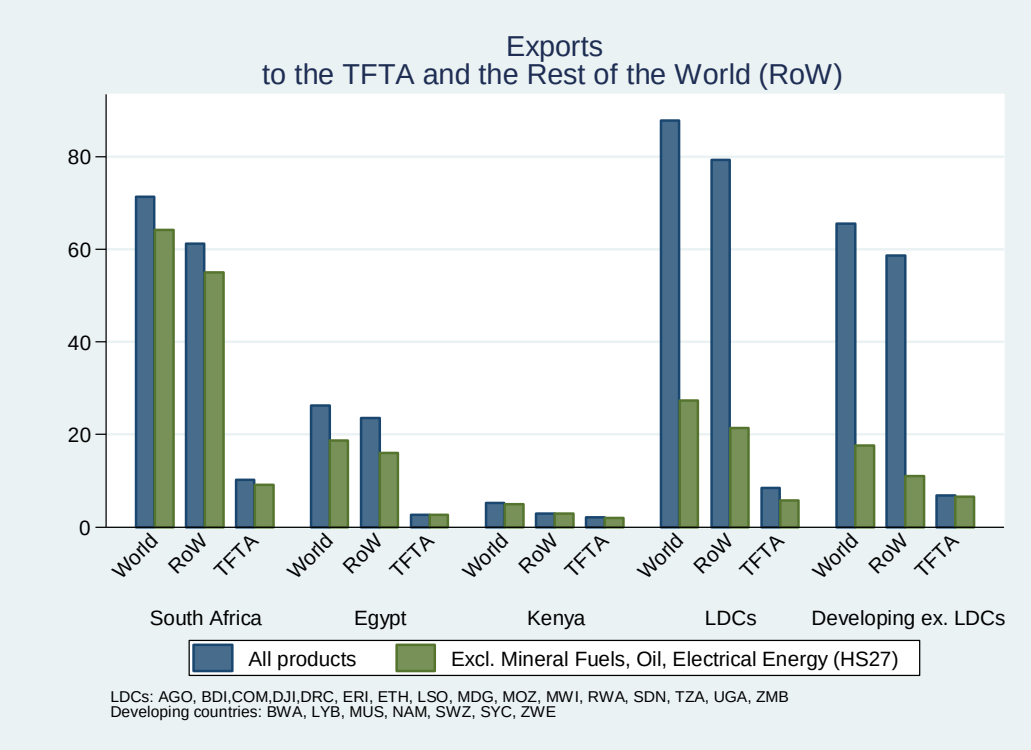
	Export values (USD millions) and shares						Intraregional Trade Shares
	All products						
	World	share	RoW	share	TFTA	share	
South Africa	71347.4	27.9	61184.6	27.1	10162.8	33.5	14.2
Egypt	26331.8	10.3	23603.0	10.5	2728.8	9.0	10.4
Kenya	5169.1	2.0	2989.5	1.3	2179.6	7.2	42.2
LDCs	87768.8	34.3	79297.9	35.1	8470.9	27.9	9.7
Developing ex. LDCs	65481.2	25.6	58662.0	26.0	6819.2	22.5	10.4
TFTA	256098.3	100.0	225737.0	100.0	30361.3	100.0	11.9
	Excluding HS 27						
	World	share	RoW	share	TFTA	share	
South Africa	64133.5	48.3	54933.8	51.6	9199.7	34.9	14.3
Egypt	18740.9	14.1	16056.9	15.1	2684.1	10.2	14.3
Kenya	4951.6	3.7	2903.1	2.7	2048.5	7.8	41.4
LDCs	27294.6	20.6	21474.6	20.2	5820.1	22.1	21.3
Developing ex. LDCs	17640.4	13.3	11053.3	10.4	6587.2	25.0	37.3
TFTA	132761.0	100.0	106421.5	100.0	26339.5	100.0	19.8

Note: The Least Developed Countries (LDCs) category includes Angola, Burundi, Comoros, Djibouti, D.R Congo, Eritrea, Ethiopia, Lesotho, Madagascar, Mozambique, Malawi, Rwanda, Sudan, Tanzania, Uganda and Zambia. The developing countries are Botswana, Libya, Mauritius, Namibia, Swaziland, Seychelles and Zimbabwe. Trade year is 2010.

Total exports from TFTA member countries amount to 256 billion dollars. However, looking only at exports directed towards the TFTA members (intraregional trade), this amount reduces to 30.4 billion dollars, which represent only 12% of total exports. Besides those numbers, Table 1 and Figure 1 also provide the exports from TFTA country groups towards the world, the TFTA region and the rest of the world (RoW) excluding HS chapter 27, i.e. minerals, fuels and oils. This tariff line may have a strong influence in countries trading those goods extensively such as Angola, Libya, Egypt, South Africa, Sudan, Mozambique and D.R. Congo and may therefore biased the analysis. As it can be seen by comparing the upper and lower part of Table 1, trade values are indeed significantly affected and total exports of the TFTA are almost divided by two. The fall in exports is particularly sharp for the Least Developed Countries (LDCs), mainly because Angola exports about 52 billion dollars of petroleum oil, which corresponds to almost 60% of LDCs' total exports. Principal export

destinations of oil products being usually located outside of the TFTA region, the impact on intraregional trade is moderate, though. The total intraregional trade excluding HS 27 amounts to 26.3 billion dollars with South African exports representing 35% of this amount. As a result, dropping South Africa, Kenya and Egypt, only 12.4 billion are left for the remaining 23 TFTA member states which therefore account for 47% (22%+25%) of the total intraregional trade excluding HS 27.

Figure 1 : Exports to the TFTA and to the rest of the world (RoW), by country group



Export destinations and import suppliers: Prominence of the European Union

Table 2 (Appendix Table 10) allows to further analyse the inter- vs. intra-regional trade question by providing the shares in total exports (imports) of the five principal exports (imports) destinations (suppliers). Hence, by showing that most exports (imports) are directed toward (stemming from) TFTA non-members, and more specifically by highlighting the prominence of the European Union (EU) as a destination market as well as a supplier of the TFTA countries, data suggest a low level of intraregional trade. In terms of aggregate exports, the EU is indeed the first destination market of 18 TFTA member countries. The concentration of trade towards the EU is particularly strong for exports from Botswana, Libya, Madagascar, Mozambique, Mauritius and Seychelles with shares lying between 60% and 91%. The other major export destinations are (i) South Africa importing products from Lesotho, Swaziland and Zimbabwe (ii) China importing crude petroleum oil from Angola and Sudan and cobalt and copper originating from D.R. Congo, and (iii) Switzerland capturing exports of gold, copper and cobalt products from Tanzania and Zambia. Regarding imports, the level of concentration towards the EU is relatively lower than in the export sector. Although the latter is the first supplier of 14 TFTA member countries, its maximum import share amounts to 42.3% in Libya where exports is mainly driven by trade in oil.

Table 2 : Exports to the FTA and to the World, by Destination

	TFTA			World			TFTA / World ratio	
TFTA Exporter	Total Exports (USD millions)	Destination	Export Share	Total Exports (USD millions)	Destination	Export Share	All products	Excl. HS27
Angola	2'014.3	ZAF	99.2	53'243.8	CHN	42.9	3.8	3.7
		NAM	0.3		USA	23.1		
		TZA	0.2		IND	9.1		
		ZWE	0.2		EUN	9.2		
		MUS	0.1		UNS	5.4		
Burundi	26.9	KEN	38.3	118.2	EUN	31.0	22.7	21.1
		DRC	27		CHE	26.9		
		RWA	11.2		ARE	8.8		
		UGA	10.7		KEN	8.7		
		TZA	6.5		DRC	6.2		
Botswana	872.9	ZAF	68.5	4'680.1	EUN	61.2	18.7	18.4
		ZWE	20		ZAF	12.8		
		ZMB	6.1		NOR	9.3		
		DRC	2.2		ISR	5.3		
		NAM	1.9		ZWE	3.7		
Comoros	2.8	KEN	51.4	34.5	EUN	31.7	8.1	8.1
		MDG	31.4		IND	23.6		
		ZAF	9.1		SGP	15.2		
		EGY	4.8		TUR	8.3		
		TZA	1.6		USA	5.1		
Djibouti	1.5	ETH	89.8	157.5	EUN	46.5	0.9	1.0
		KEN	6.9		BRA	20.0		
		ZMB	1		YEM	7.2		
		SDN	1		QAT	14.5		
		LBY	0.6		PAK	4.4		
Egypt	2'728.8	LBY	44.7	26'331.8	EUN	28.8	10.4	14.3
		SDN	20.5		SAU	5.9		
		ZAF	14.5		USA	5.9		
		KEN	8.6		IND	4.7		
		ERI	2		LBY	4.6		
Eritrea	2.6	EGY	77	15.2	EUN	33.2	16.9	16.8
		UGA	6.9		SAU	20.1		
		TZA	5.9		EGY	13.0		
		ZAF	4.2		CHN	6.9		
		MDG	4.2		NGA	6.8		
Ethiopia	302.4	SDN	50	2'242.0	EUN	29.8	13.5	13.5
		ZAF	24.4		CHN	10.7		
		DJI	22		SOM	10.0		
		KEN	1.5		SDN	6.7		
		UGA	0.6		SAU	6.5		
Kenya	2'179.6	UGA	30.2	5'169.1	EUN	23.5	42.2	41.4
		TZA	19.3		UGA	12.7		
		SDN	10.9		TZA	8.1		
		EGY	10.5		USA	5.5		
		DRC	7.4		ARE	4.6		
Libya	355.2	EGY	94.6	49'028.9	EUN	78.4	0.7	16.3
		ETH	5.2		CHN	9.2		
		ZWE	0.1		USA	4.4		
		MDG	0		CHE	1.0		
		BWA	0		IND	1.6		
Lesotho	291.1	ZAF	97.5	604.5	ZAF	46.9	48.1	48.1
		MDG	1.2		USA	33.1		
		KEN	0.4		CAN	15.7		
		EGY	0.4		EUN	2.0		
		SWZ	0.2		MDG	0.6		
Madagascar	56.7	MUS	34.1	942.1	EUN	59.9	6.0	5.1
		ZAF	28.5		CHN	5.7		
		COM	10.7		CIV	5.2		
		KEN	10.2		USA	4.5		
		SYC	9.4		CAN	4.4		
Mozambique	551.8	ZAF	81.8	2'112.9	EUN	60.3	26.1	7.2
		ZWE	12.7		ZAF	21.4		
		MWI	3.3		CHN	3.8		
		KEN	0.6		ZWE	3.3		
		TZA	0.4		IND	1.4		

Mauritius	148.5	ZAF	48.8	1'491.7	EUN	69.3	10.0	10.0
		MDG	31.6		USA	13.1		
		KEN	6.8		ZAF	4.9		
		SYC	5.9		MDG	3.2		
		AGO	1.3		CHE	1.7		
Malawi	327.4	EGY	30	1'064.8	EUN	33.9	30.7	30.6
		ZAF	18.7		CAN	11		
		ZWE	17.7		EGY	9.2		
		MOZ	11		USA	6.0		
		ZMB	10.8		ZAF	5.7		
Namibia	2'459.5	ZAF	68.9	5'848.3	EUN	35.5	42.1	42.3
		AGO	22.7		ZAF	29		
		DRC	2.8		AGO	9.6		
		BWA	1.6		UNS	4.9		
		ZMB	1.3		USA	4.6		
Rwanda	108.7	KEN	48.8	370.2	EUN	29.6	29.4	29.3
		DRC	39.8		CHE	17.5		
		UGA	4.6		DRC	11.7		
		BDI	4.6		KEN	14.3		
		ZAF	0.8		UNS	8.3		
Sudan	184.0	EGY	50.1	9'040.0	CHN	65.6	2.0	5.0
		ETH	36.7		ARE	10.5		
		ERI	12		CAN	8.9		
		LBY	1.1		SAU	2.8		
		UGA	0		JPN	2.4		
Swaziland	919.3	ZAF	94.4	1'084.8	ZAF	80.0	84.7	84.5
		NAM	3.4		EUN	14.2		
		MOZ	1.6		NAM	2.9		
		BWA	0.2		MOZ	1.4		
		LSO	0.1		ARE	0.5		
Seychelles	2.5	MDG	38	148.2	EUN	91.2	1.7	1.7
		MUS	33.5		CHE	1.8		
		ZAF	12.5		LKA	1.6		
		SWZ	8.9		HKG	1.0		
		TZA	4.2		MDG	0.7		
Tanzania	1'254.8	ZAF	34.4	3'921.6	CHE	18.1	32.0	30.7
		KEN	24.5		CHN	16.7		
		DRC	11.3		EUN	12.5		
		RWA	7		ZAF	11		
		ZMB	4.4		KEN	7.8		
Uganda	579.3	KEN	28.3	1'151.7	EUN	29.4	50.3	49.7
		RWA	20.9		KEN	14.2		
		SDN	19.9		RWA	10.5		
		DRC	17.3		SDN	10		
		BDI	6.9		DRC	8.7		
South Africa	10'162.8	ZWE	21.2	71'347.4	EUN	25.3	14.2	14.3
		MOZ	18.6		CHN	11.4		
		ZMB	17.2		USA	9.9		
		DRC	8.5		JPN	9.0		
		KEN	7.7		IND	4.2		
D.R. Congo	1'336.2	ZMB	94.9	5'549.5	CHN	45.2	24.1	27.3
		ZWE	1.9		ZMB	22.9		
		KEN	1.3		EUN	10.8		
		ZAF	1.1		USA	9.8		
		UGA	0.5		SAU	3.5		
Zambia	1'430.6	ZAF	46	7'200.3	CHE	51	19.9	19.5
		DRC	23.3		CHN	20.2		
		ZWE	8.4		ZAF	9.1		
		MWI	7.2		DRC	4.6		
		EGY	3.4		EUN	4.4		
Zimbabwe	2'061.2	ZAF	84.2	3'199.2	ZAF	54.2	64.4	63.9
		MOZ	4.5		EUN	11		
		ZMB	3.6		ARE	10.3		
		MWI	1.7		CHN	7.4		
		BWA	1.4		MOZ	2.9		

High dependence on trade with South Africa and some other major trading partners

Although EU is the main supplier of 14 TFTA members, in the southern part of the region, several countries are highly dependent on the trade with South Africa, such as Lesotho, Swaziland and Zimbabwe, with export shares amounting respectively to 47%, 80% and 54% and import shares of 95%, 82% and 52%. Moreover, if Malawi, Mozambique, Namibia and Botswana export most of their products to the EU, their principal import supplier is South Africa with respective shares of 30%, 42%, 72% and 73%. As for Zambia, 58% of its imports originate from South Africa (34%) and D.R Congo (24%). The principal suppliers of the four remaining TFTA members are China and India, the former exporting goods to Ethiopia and Sudan and the latter to Mauritius and Uganda.

Besides the EU, China, India and Switzerland, other countries significantly trade with some of the TFTA members. First, the United States imports oil and diamonds from Angola, clothes from Lesotho and animals and leather products from Mauritius. Second, about 19% of Djibouti's and Seychelles' imports originate from The United Arab Emirates. Moreover, Brazil captures 20% Djibouti's exports. These exclusively include parts of agricultural machinery (HS 843290). As for Canada, its share is relatively limited in the trade of the TFTA members with the rest of the world. However, Malawi's export shares to Canada amounts to 11% and is essentially composed by uranium. Finally, Saudi Arabia also trade with member countries, in particular with Ethiopia and Eritrea.

Intraregional trade shares

The fact that all but one of the first export destinations and import suppliers are non-members of the TFTA already suggests a relatively low level of intraregional trade. The ratios reported in the last column of Table 1, and the last two columns of Table 2 and Appendix Table 10 confirm this hypothesis. Indeed, these indicate the proportion of intraregional trade out of total trade including or not HS chapter 27. The exclusion of the latter significantly increase the ratio of intraregional trade shares of the *other developing countries*, notably because of the 47.6 billion dollars exports of petroleum oil and gases from Libya to the rest of the world among which 31.7 billion of crude petroleum oil (HS 270900) are exported to the EU (intraregional trade ratio increases by 14.6 percentage points). As for the rise in LDCs share of exports within the TFTA region, exports of petroleum oil from Sudan to China explain the rise from 2% to 5% in the ratio of this country whereas in D.R. Congo, the increase is mostly due to exports of cobalt and copper to China. In terms of imports, the ratio may vary but the magnitude of the difference is much less important than it is for exports.

Overall, these ratio are all relatively low and most of those exceeding 40% are simply the result of extensive trade with South Africa. This is the case of Botswana (imports), Lesotho, Mozambique (imports), Namibia, Swaziland and Zimbabwe. In those countries, the share of South Africa in intraregional trade is always above 80%, except for Namibia's exports whose share is of 69%. Trade is nevertheless very concentrated in this country as the next 23% are exported to Angola.

To conclude, very few countries have diversified intraregional trading sectors. In terms of imports, only Burundi, Comoros, Eritrea, Malawi, Rwanda, D.R. Congo and Zambia present a

ratio of intraregional trade above 25% with relatively diversified suppliers. As for exports, only some EAC countries (Kenya, Rwanda, Tanzania and Uganda) and Malawi present a ratio above 30% with a share of exports to the first destination market below 50%. Most importantly, the values of intraregional trade remain markedly low and diversification of export markets is not achieved yet.

III. Product level analysis

By eliminating tariff among members, the TFTA will reduce the marginal cost of exporting and therefore potentially increase trade flows. Besides petroleum products, what are the existing industries that could benefit from this agreement? What are the sectors in which trade is already established but is restricted by existing tariff levels? We know that intraregional trade excluding HS chapter 27 amounts to 26 billion dollars with only 5.8 billion dedicated to LDCs' trade. In order to better understand what those values represent, Table 3 displays the five most exported products to the TFTA region at the HS 6-digit level for each country group excluding minerals, fuels and oils[3].

Table 3 : Most exported products to the TFTA excluding HS code 27

Most exported product values (USD millions) and shares, excluding HS code 27					
	HS description	**HS 6 code**	**TFTA**	**Region Share**	**Product Share**
South Africa	Diesel powered trucks with a GVW <= 5 tonnes	870421	239.7	88.3	2.6
	Other Structures and Parts, of Iron or Steel	730890	185.3	91.2	2.0
	Flat-rolled products of iron/non, hot-rolled	720839	170.9	95.0	1.9
	Other cane or beet sugar (solid form)	170199	112.3	49.6	1.2
	Parts of Machinery for Sorting, Crushing, Mixing, Moulding or Shaping	847490	103.3	95.2	1.1
Egypt	Gold in Unwrought Forms (excl. Powder)	710812	345.9	86.7	12.9
	Milled rice	100630	174.0	88.9	6.5
	Other cane or beet sugar (solid form)	170199	110.6	48.8	4.1
	Raw cane Sugar (solid form)	170111	103.5	25.8	3.9
	Plates, sheets and strips of refined copper	740911	80.5	98.1	3.0
Kenya	Black tea	090240	285.0	71.3	13.9
	Portland Cement (excl. white)	252329	92.6	33.8	4.5
	Palm Oil (other than crude)	151190	82.0	70.7	4.0
	Cigarettes containing tobacco	240220	59.6	34.9	2.9
	Other medicaments	300490	47.4	35.9	2.3
LDCs	Copper Ores and Concentrates	260300	673.0	95.3	11.6
	Gold in Other Semi-manufactured Forms	710813	505.3	55.1	8.7
	Refined copper and copper alloys	740311	355.4	99.2	6.1
	Cobalt Ores and Concentrates	260500	242.9	100.0	4.2
	Cobalt oxides and hydroxides	282200	194.8	100.0	3.3
Developing ex. LDCs	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	1245.7	98.5	18.9
	Nickel mattes	750110	518.3	100.0	7.9
	Gold in Other Semi-manufactured Forms	710813	412.1	44.9	6.3
	Mixtures of odoriferous substances as raw materials for industry	330210	321.7	92.3	4.9
	Nickel Ores and Concentrates	260400	283.1	94.0	4.3

Absence of manufactured products

The most striking observation is regarding the structure of exports is the prominence of primary commodities at the expense of manufactured products. Beyond banknotes, trade of LDCs and other developing countries is concentrated in metals and mineral products. Among the country groups below, only South Africa exports other product types such as motor vehicle and machinery. In Egypt and Kenya, some agricultural products also turns out to be

[3] Appendix Table 11 displays the same values but including all products.

extensively exported such as cane sugar, rice, and black tea. The only "real" manufactured products that can be observed in the table below are the cigarettes.

As no key sectors stands out of those data, the latter are therefore not sufficient in attempting to identify some high value added industries whose trade could drive economic growth of the TFTA region. Hence, the product analysis is either needed at the country level or at the regional level but including information beyond the top five exported products.

Table 4 displaying intraregional trade excluding HS chapter 27 for the 34 products with export values above 100 million dollars confirms previous observations. Trade is dominated by few industries mostly related to metals, minerals (gold, copper, nickel), and some chemical transportation and tobacco products. Few agricultural products are also represented as cane sugar, black tea, beer, flour, live bovine animals, palm oil, maize and sunflower seeds. Besides cigarettes, manufactured goods are still absent, which is not the case when moving to Table 5 reporting most exported products at the country level. Hence, some countries may be specialized in manufacturing sectors that do not appear in the aggregated analysis due to the relatively low importance of the trading values. As an illustration, Eritrea exports 1'109 thousand dollars of textiles and garments to Egypt at a preferential tariff rate lying between 2% and 6%. Garment sector constitutes the principal export sector for Eritrea but the 550 thousand dollars of denims (HS 520942) exported by Eritrea to Egypt only represent 15% of Egypt imports of this product and just 0.09% of Egypt's imports from the TFTA region excluding oil.

Export Diversification

The cumulative shares displayed in the last column show that trade is highly concentrated. According to Figure 2, South Africa is the only highly diversified country in terms of exported products. Indeed, in this country, 126 products represent 50% of intraregional exports. This contrasts sharply with trade patterns of other TFTA members. In 15 countries, 1 to 6 products are sufficient to reach a cumulative export share of 50%. In the next eight countries, the minimum number of products required to reach this 50% threshold lies between 6 and 12. In Egypt and Kenya, the number of exported varieties is slightly higher with 18 and 26 products representing respectively 51% and 50% of the intraregional exports. It seems therefore that export diversification is an important issue in those countries, not only in terms of destination markets but also in terms of products. This is an major challenge for the TFTA member states as reducing tariff is directly affecting the marginal cost but is, per se, not sufficient to moving toward products diversification. The fixed cost of entering export markets (new destinations for products already exported or new exported products) is a crucial question that has to be addressed. Simplifying procedures, certification requirements, etc. are on examples of measures that should be considered.

Reexports

Data on exports alone may be very misleading because of reexport issues. For example, Comoros exports of aircrafts amounts to 1.4 million dollars and represent 51% of the country's exports. However, the Comoros simultaneously imports 3.8 million of the same tariff line from South Africa. It seems therefore that value creation is not the driving force behind exports. This is also the case for Portland cement in Uganda or bank notes in

Zimbabwe where import and export values are very similar. This problematic is particularly important now that the value chain approach of trade has become one of the main focus of international economics and a major concern for policy makers.

Figure 2 : Number of products and cumulative export shares

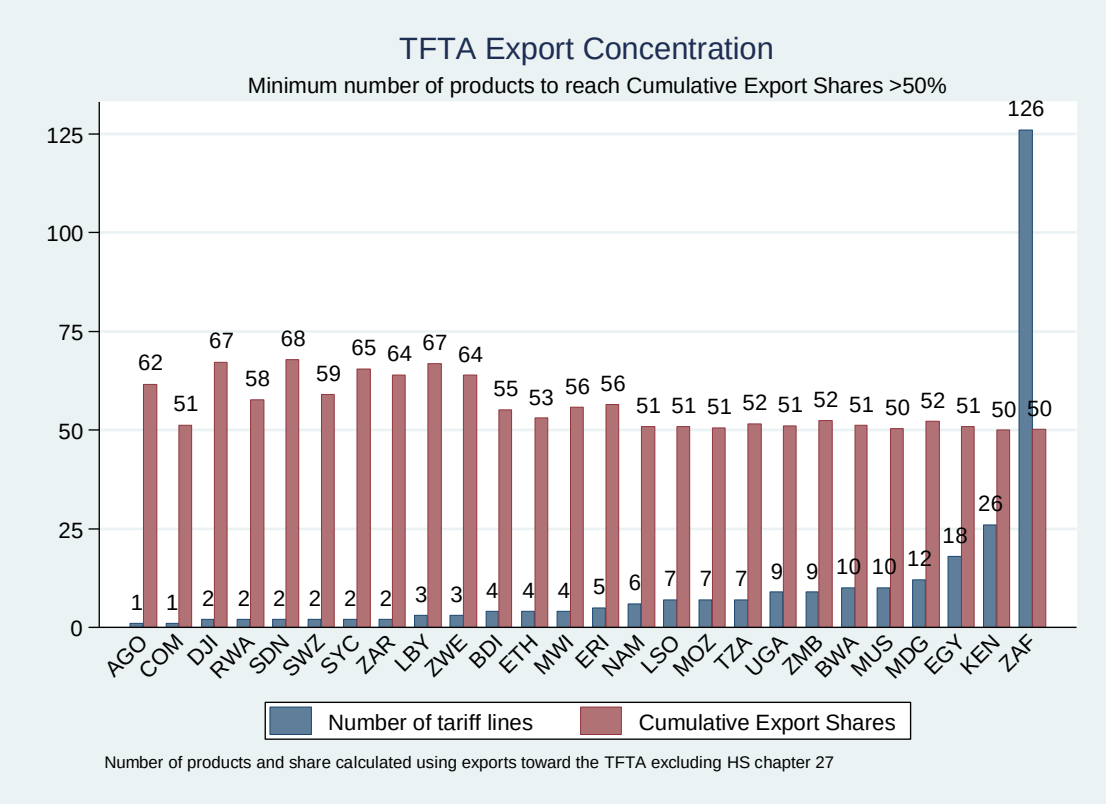


Table 4 : Most exported products to the TFTA excluding HS code 27, principal suppliers and destinations (above 100 million dollars)

Product		Exports ($000)	Product Share (%)	Cumul. share (%)	Nb. Sup.	Principal TFTA Suppliers' shares (%)						Nb. Dest.	Principal TFTA Destinations' shares (%)					
						1st Supplier		2nd Supplier		3rd Supplier			1st Destin.		2nd Destin.		3rd Destin.	
HS Code	Description					ISO3	Imp. Share	ISO3e	Imp. Share	ISO3	Imp. Share		ISO3	Exp. Share	ISO3	Exp. Share	ISO3	Exp. Share
	TOTALS FOR ALL PRODUCTS	**26'339'490**	**100.0**	**100.0**	.		.		.		.	.		.		.		.
490700	New stamps; stamp-impressed paper; cheque forms; banknotes, etc	1'265'064	4.8	4.8	11	NAM	54.3	ZWE	44.2	MOZ	0.9	14	ZAF	98.3	MWI	1.6	NAM	0.0
710813	Gold in oth semi-manufactured forms,non-monetary	917'404	3.5	8.3	6	TZA	42.7	ZWE	31.3	NAM	11.9	1	ZAF	100.0		.		.
260300	Copper ores and concentrates	706'483	2.7	11.0	8	DRC	88.0	ZMB	7.3	BWA	4.2	7	ZMB	87.8	ZAF	11.4	MUS	0.6
750110	Nickel mattes	518'345	2.0	12.9	3	ZWE	85.0	BWA	15.0	UGA	0.0	3	ZAF	85.2	ZWE	14.8	RWA	0.0
090240	**Black tea (fermented) and partly fermented tea, nes**	445'452	1.7	14.6	19	KEN	64.0	RWA	10.3	MWI	9.2	21	EGY	46.9	KEN	25.6	SDN	16.0
170111	**Raw cane sugar, in solid form**	402'033	1.5	16.2	15	ZMB	27.4	EGY	25.8	ZAF	19.0	23	KEN	26.2	ZWE	16.1	MOZ	15.7
710812	Gold in unwrought forms non-monetary	398'850	1.5	17.7	3	EGY	86.7	BWA	11.3	TZA	2.0	3	ZAF	99.0	ZMB	1.0	EGY	0.0
740311	Copper cathodes and sections of cathodes unwrought	358'137	1.4	19.0	4	DRC	55.8	ZMB	43.5	ZAF	0.8	7	ZMB	55.6	ZAF	38.3	EGY	5.4
330210	Mixtures of odoriferous substances, for the food or drink industries	348'676	1.3	20.4	14	SWZ	91.5	ZAF	7.5	NAM	0.8	23	ZAF	91.5	AGO	3.8	MWI	1.5
260400	Nickel ores and concentrates	301'260	1.1	21.5	5	ZWE	89.6	ZMB	6.0	BWA	4.4	3	ZAF	100.0	ZWE	0.0	ZMB	0.0
252329	Portland cement (excl. white)	274'007	1.0	22.5	15	KEN	33.8	UGA	25.4	ZMB	19.1	23	UGA	26.8	DRC	21.1	RWA	14.9
870421	Diesel powered trucks with a GVW <= five tonnes	271'486	1.0	23.6	23	ZAF	88.3	NAM	7.0	ZWE	1.4	25	ZWE	17.9	MOZ	15.5	AGO	12.4
382490	Chemical products and residual products of chemical industries, nes	270'118	1.0	24.6	15	SWZ	79.8	ZAF	13.8	ZMB	3.8	22	ZAF	79.8	ZMB	6.9	DRC	4.9
260500	Cobalt ores and concentrates	242'979	0.9	25.5	5	DRC	90.4	ZMB	9.6	BWA	0.0	8	ZMB	90.3	ZAF	9.6	NAM	0.1
220300	**Beer made from malt**	236'012	0.9	26.4	21	NAM	68.0	KEN	14.4	ZAF	6.2	25	ZAF	55.1	UGA	8.2	DRC	7.4
170199	**Cane or beet sugar, in solid form, nes**	226'585	0.9	27.3	14	ZAF	49.6	EGY	48.8	UGA	0.5	19	SDN	34.7	MOZ	18.6	KEN	12.1
730890	Structures and parts of structures of iron or steel, nes	203'197	0.8	28.0	18	ZAF	91.2	NAM	2.9	KEN	2.8	24	MOZ	29.2	DRC	23.6	ZMB	10.0
100630	Semi-milled or wholly milled rice	195'793	0.7	28.8	18	EGY	88.9	TZA	5.3	ZAF	3.1	20	LBY	84.2	SDN	4.2	ZWE	4.1
282200	Cobalt oxides and hydroxides; commercial cobalt oxides	194'872	0.7	29.5	5	DRC	90.5	ZMB	9.5	ZAF	0.0	5	ZMB	90.5	ZAF	8.6	DRC	0.9
240120	Tobacco, partly or wholly stemmed/stripped	192'662	0.7	30.3	14	MWI	37.9	ZWE	27.5	UGA	11.7	21	EGY	33.7	KEN	21.4	ZAF	17.8
720839	Flat-rolled products of iron/non-alloy steel, width >600mm, hot-rolled, in coils, thickness <3mm	180'006	0.7	30.9	7	ZAF	95.0	LBY	4.3	KEN	0.6	15	KEN	64.4	UGA	17.4	TZA	9.8
240220	Cigarettes containing tobacco	170'914	0.6	31.6	20	KEN	34.9	ZWE	24.3	ZAF	17.4	26	AGO	20.7	SDN	12.9	SWZ	9.3
110100	Wheat or meslin flour	151'587	0.6	32.2	16	TZA	28.6	ZAF	23.9	ZMB	17.3	23	DRC	44.4	ZWE	31.8	ERI	12.2
740811	Wire of refined copper of which the max cross sectional dimension > 6mm	147'989	0.6	32.7	6	ZMB	96.5	EGY	1.9	ZAF	0.9	16	ZAF	71.0	KEN	13.8	TZA	6.3
010290	Live bovine animals, other than pure-bred breeding	134'354	0.5	33.2	12	NAM	74.6	ETH	16.8	RWA	3.4	14	ZAF	72.4	SDN	16.7	DRC	4.7
300490	Other medicaments of mixed or unmixed products, for retail sale, nes	132'548	0.5	33.7	22	KEN	35.8	EGY	30.2	ZAF	29.2	25	SDN	21.5	UGA	16.8	TZA	13.1
240110	Tobacco, not stemmed/stripped	130'958	0.5	34.2	13	ZMB	56.1	MWI	29.0	MOZ	6.4	19	MWI	47.4	EGY	22.9	ZWE	14.7
151190	Palm oil (excl. crude) and liquid fractions	116'010	0.4	34.7	13	KEN	70.6	EGY	13.0	UGA	9.7	20	TZA	23.5	SDN	16.4	RWA	15.8
100590	Maize (excl. seed)	115'808	0.4	35.1	15	ZAF	75.4	UGA	6.5	ZMB	6.1	21	KEN	47.9	ZWE	26.5	MOZ	12.2
843149	Parts of cranes, work-trucks, shovels, and other construction machinery	110'276	0.4	35.5	21	ZAF	86.3	ZMB	7.5	TZA	2.2	24	ZMB	36.5	MOZ	20.4	DRC	19.1
847490	Parts of Machinery for Sorting, Crushing, Mixing, Moulding or Shaping	109'030	0.4	35.9	16	ZAF	94.8	NAM	1.3	ZWE	1.1	24	ZMB	28.9	DRC	18.8	ZWE	18.1
870323	Automobiles with reciprocating piston engine displacing 1500 cc to 3000 cc	105'973	0.4	36.4	24	NAM	58.6	ZAF	24.8	BWA	7.6	25	AGO	34.7	ZAF	25.3	ZWE	10.6
260800	Zinc ores and concentrates	102'658	0.4	36.7	3	NAM	100.0	ZAF	0.0	ZMB	0.0	6	ZAF	99.5	AGO	0.5	ZWE	0.0
151219	Sunflower-seed and safflower oil (excl. crude) and fractions	101'358	0.4	37.1	13	ZAF	93.9	EGY	2.2	NAM	1.2	22	ZWE	87.2	MOZ	2.3	ZMB	2.2

Table 5 : Most exported products to the TFTA (USD millions)

Expor-ter	Exp. value	HS description	HS code	Exports ($000)	Prod. Share	excl. HS27	
						Prod. Share	Cum. Share
AGO	2014.3	Crude oil from petroleum and bituminous	270900	1'965'174	97.6	0.0	0.0
		Nonindustrial Diamonds	710231	29'040	1.4	61.6	61.6
		Flours, Meals, Pellets of Fish, Crustaceans (non Edible)	230120	3'683	0.2	7.8	69.4
		Cigarettes containing tobacco	240220	3'024	0.2	6.4	75.9
		Parts of Boring or Sinking Machinery	843143	2'497	0.1	5.3	81.2
BDI	26.9	Black tea	090240	8'004	29.8	32.8	32.8
		Waste and Scrap of Other Ally Steel	720429	1'954	7.3	8.0	40.8
		Beer Made from Malt	220300	1'793	6.7	7.3	48.1
		Coffee, not roasted	90111	1'707	6.4	7.0	55.1
		Petroleum oils	271019	1'529	5.7	0.0	55.1
BWA	872.9	Nickel mattes	750110	77'629	8.9	9.1	9.1
		Disodium Carbonate	283620	68'473	7.8	8.0	17.0
		Gold in Unwrought Forms (excl. Powder)	710812	44'952	5.1	5.2	22.3
		Frozen boneless bovine meat	020230	44'289	5.1	5.2	27.5
		Fresh or chilled boneless bovine meat	020130	39'086	4.5	4.6	32.0
COM	2.8	Aeroplanes and other aircraft, unladen weight>15'000kg	880240	1'431	51.3	51.3	51.3
		Other tropical wood in the rough	440349	527	18.9	18.9	70.2
		Cloves (whole fruit, cloves and stems)	090700	309	11.1	11.1	81.2
		Containers for compressed or liquefied gas, of iron or steel	731100	218	7.8	7.8	89.0
		Air conditioning machines for persons, in motor vehicles	841520	79	2.8	2.8	91.9
DJI	1.5	Diesel powered buses, seating capacity > 9 persons	870210	644	43.0	43.0	43.0
		Portland Cement (excl. white)	252329	361	24.1	24.1	67.2
		Co-axial Cable	854420	89	5.9	5.9	73.1
		Cinematographic Cameras	900711	84	5.6	5.6	78.7
		Self-propelled Tamping Machines, Road Rollers	842940	52	3.5	3.5	82.2
EGY	2728.8	Gold in Unwrought Forms (excl. Powder)	710812	345'922	12.7	12.9	12.9
		Milled rice	100630	174'049	6.4	6.5	19.4
		Other cane or beet sugar (solid form)	170199	110'570	4.1	4.1	23.5
		Raw cane Sugar (solid form)	170111	103'543	3.8	3.9	27.3
		Plates, sheets and strips of refined copper	740911	80'458	2.9	3.0	30.3
ERI	2.6	Denim	520942	550	21.4	21.6	21.6
		Women's or Girls' Nightdresses, Pyjamas	620822	247	9.6	9.7	31.3
		Dried pepper (excl. crushed or ground)	090411	236	9.2	9.3	40.5
		Printed, dyed or coloured woven fabrics	551219	224	8.7	8.8	49.3
		Sewing Machines of the Household Type	845210	181	7.0	7.1	56.4
ETH	302.4	Gold in Other Semi-manufactured Forms	710813	67'298	22.3	22.3	22.3
		Other vegetables, fresh or chilled	070990	38'057	12.6	12.6	34.8
		Dried broad and horse beans, shelled	071350	32'518	10.8	10.8	45.6
		Live bovine animals	010290	22'504	7.4	7.4	53.0
		Coffee	90111	21'707	7.2	7.2	60.2
KEN	2179.6	Black tea	090240	284'986	13.1	13.9	13.9
		Petroleum oils	271019	97'253	4.5	0.0	13.9
		Portland Cement (excl. white)	252329	92'560	4.2	4.5	18.4
		Palm Oil (other than crude)	151190	81'953	3.8	4.0	22.4
		Cigarettes containing tobacco	240220	59'606	2.7	2.9	25.3
LBY	355.2	Butanes (Liquefied)	271113	132'825	37.4	0.0	0.0
		Propene (propylene)	290122	58'022	16.3	26.7	26.7
		Spongy ferrous prod & iron 99.94% pure	720310	50'504	14.2	23.2	49.9
		Other Spongy Ferrous Products	720390	36'863	10.4	17.0	66.9
		Urea (fertilizer)	310210	18'411	5.2	8.5	75.3
LSO	291.1	Parts of Switches, Automatic Circuit Breakers	853890	36'661	12.6	12.6	12.6
		Television Receivers, colour	852812	35'135	12.1	12.1	24.7
		Other unsweetened waters; ice and snow	220190	29'710	10.2	10.2	34.9
		Greasy wool (excl. shorn), not carded or combed	510119	13'182	4.5	4.5	39.4
		Men's or boys' trousers, breeches, etc, of cotton	620342	12'800	4.4	4.4	43.8
MDG	56.7	Petroleum oils	271019	11'573	20.4	0.0	0.0
		Raw cane Sugar (solid form)	170111	4'528	8.0	10.2	10.2
		Men's or boys' shirts of cotton	620520	2'524	4.5	5.7	15.8
		Coniferous wood sawn or chipped lengthwise	440710	2'518	4.4	5.6	21.5
		Salt and pure sodium chloride; sea water	250100	2'444	4.3	5.5	27.0
MOZ	551.8	Electrical energy	271600	276'544	50.1	0.0	0.0
		Natural Gas (Liquefied)	271111	133'830	24.3	0.0	0.0
		Petroleum oils	271019	19'238	3.5	0.0	0.0
		Frozen shrimps and prawns	30613	12'445	2.3	10.3	10.3
		New stamps; stamp-impressed paper; cheque forms; banknotes	490700	11'984	2.2	10.0	20.3
MUS	148.5	Men's or boys' trousers, breeches, etc, of cotton	620342	15'482	10.4	10.4	10.4

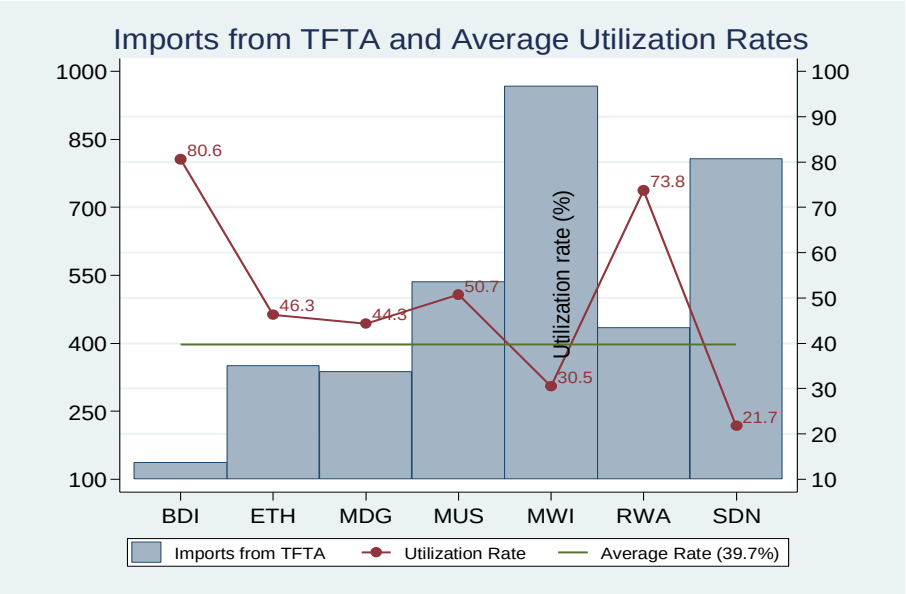
		Men's or boys' shirts of cotton	620520	9'336	6.3	6.3	16.7
		T-shirts, Singlets, Other Vests, of Cotton	610910	8'752	5.9	5.9	22.6
		Preparations for animal feeding	230990	8'376	5.6	5.6	28.2
		Looped Pile Fabrics of Cotton	600121	7'587	5.1	5.1	33.3
MWI	327.4	Tobacco, partly or wholly stemmed/stripped	240120	73'032	22.3	22.4	22.4
		Black tea	090240	41'019	12.5	12.6	35.0
		Tobacco (Not Stemmed)	240110	38'012	11.6	11.7	46.7
		Raw cane Sugar (solid form)	170111	29'210	8.9	9.0	55.7
		Other natural rubber	400129	9'580	2.9	2.9	58.6
NAM	2459.5	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	687'068	27.9	28.1	28.1
		Beer Made from Malt	220300	160'501	6.5	6.6	34.7
		Gold in Other Semi-manufactured Forms	710813	108'800	4.4	4.5	39.2
		Zinc Ores and Concentrates	260800	102'622	4.2	4.2	43.4
		Live bovine animals	010290	100'210	4.1	4.1	47.5
RWA	108.7	Black tea	090240	45'855	42.2	42.2	42.2
		Other Footwear	640590	16'760	15.4	15.4	57.7
		Wheat or meslin flour	110100	6'563	6.0	6.0	63.7
		Live bovine animals	010290	4'619	4.2	4.3	68.0
		Setts, curbstones and flagstones, of natural stone	680100	3'402	3.1	3.1	71.1
SDN	184.0	Light petroleum oils & preparations	271011	89'597	48.7	0.0	0.0
		Sesamum seeds	120740	42'430	23.1	45.0	45.0
		Cotton, not carded or combed	520100	21'502	11.7	22.8	67.7
		Other Live animals	010690	16'850	9.2	17.9	85.6
		Other Vegetable products primarily for human consumption	121299	8'438	4.6	8.9	94.5
SWZ	919.3	Mixtures of odoriferous substances as raw materials for industry	330210	318'997	34.7	35.2	35.2
		Chemicals and residual products of chemical industries, nes	382490	215'478	23.4	23.8	59.0
		Unbleached coniferous chemical wood pulp, soda or sulphate, nes	470311	28'485	3.1	3.1	62.2
		Benzoic Acid, Its Salts and Esters	291631	24'953	2.7	2.8	64.9
		Other printed matter, incl. pictures & photos	491199	24'048	2.6	2.7	67.6
SYC	2.5	Preparations for animal feeding	230990	1'055	41.4	41.4	41.4
		Containers for compressed or liquefied gas, of iron or steel	731100	613	24.1	24.1	65.5
		Fats and Oils and Their Fractions of Fish	150420	227	8.9	8.9	74.4
		Sablefish, Lingcod, Monkfish	030269	125	4.9	4.9	79.3
		Flours, Meals, Pellets of Fish, Crustaceans (non Edible)	230120	102	4.0	4.0	83.3
TZA	1254.8	Gold in Other Semi-manufactured Forms	710813	391'623	31.2	33.2	33.2
		Natural Gas (Liquefied)	271111	58'350	4.7	0.0	33.2
		Furnishing articles of textile materials (no bedspreads)	630491	57'280	4.6	4.9	38.0
		Wheat or meslin flour	110100	43'388	3.5	3.7	41.7
		Double Salts and Mixtures of Ammonium Sulphate or Nitrate	310229	37'261	3.0	3.2	44.9
UGA	579.3	Portland Cement (excl. white)	252329	69'496	12.0	12.3	12.3
		Coffee	90111	50'484	8.7	8.9	21.2
		Black tea	090230	36'740	6.3	6.5	27.7
		Vegetable Fats and Oils	151620	31'607	5.5	5.6	33.3
		Black tea	090240	27'356	4.7	4.8	38.1
ZAF	10’162.8	Light petroleum oils & preparations	271011	535'038	5.3	0.0	0.0
		Diesel powered trucks with a GVW <= 5 tonnes	870421	239'697	2.4	2.6	2.6
		Other Structures and Parts, of Iron or Steel	730890	185'312	1.8	2.0	4.6
		Flat-rolled products of iron/non, hot-rolled	720839	170'939	1.7	1.9	6.5
		Electrical energy	271600	131'491	1.3	0.0	6.5
DRC	1336.2	Copper Ores and Concentrates	260300	621'385	46.5	47.3	47.3
		Cobalt Ores and Concentrates	260500	219'677	16.4	16.7	64.0
		Refined copper and copper alloys	740311	199'667	14.9	15.2	79.2
		Cobalt oxides and hydroxides	282200	176'295	13.2	13.4	92.6
		Other Refined copper	740319	38'223	2.9	2.9	95.5
ZMB	1430.6	Refined copper and copper alloys	740311	155'744	10.9	11.2	11.2
		Wire of Refined Copper	740811	142'767	10.0	10.2	21.4
		Raw cane Sugar (solid form)	170111	110'005	7.7	7.9	29.3
		Tobacco (Not Stemmed)	240110	73'472	5.1	5.3	34.6
		Other Articles of Cobalt	810590	60'895	4.3	4.4	38.9
ZWE	2061.2	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	558'639	27.1	27.7	27.7
		Nickel mattes	750110	440'715	21.4	21.9	49.6
		Gold in Other Semi-manufactured Forms	710813	287'177	13.9	14.3	63.9
		Nickel Ores and Concentrates	260400	269'792	13.1	13.4	77.3
		Tobacco, partly or wholly stemmed/stripped	240120	53'030	2.6	2.6	79.9

Preferential treatment and utilization rates

Once the TFTA in force, member countries will be allowed to trade freely. Hence, by reducing the cost of exporting, the TFTA will potentially strengthen the intraregional trade. However, this will be the case only if the new trade preferences granted to the member states are fully utilized by exporters. This requires the new rules of origin to be sufficiently clear such that requirements can be reached without excessive efforts and costs, and so that the latter do not deter producers from exporting.

Based on preferences granted by the existing Regional Economic Communities (RECs), it can be seen that utilization of trade preferences is not automatic and depends both on the country and on the product. In the seven countries for which detailed data on utilization are available, namely Burundi, Ethiopia, Madagascar, Mauritius, Malawi, Rwanda and Sudan, the rates lie in a range from 21.7% in Sudan to 80.6% in Burundi, with an average of 39.7% (see Figure 3). Table 6 shows that within country variations are high. Indeed, only 1% of cotton (HS chapter 52) imports and less than 10% of minerals, fuels and oils (HS 27), nuclear reactors, boilers, machinery and mechanical appliance (HS 84) and vehicles (HS 87) receives a preferential treatment whereas the tariff lines are covered by the preferential agreement. On the other hand, utilization rate is above 80% for products such as coffee, tea (HS 09) and salt (HS 25). It therefore seems that the heterogeneity of the regulations' stringency regarding preferential treatments may induce a high volatility in utilization of such preferences.

Figure 3 : Imports from the TFTA and utilization rates: BDI, ETH, MDG. MUS, MWI, RWA SDN



Appendix Table 12 complements the data by providing the MFN and the preferential tariff rate granted to the principal supplier of the country. The preferential tariff is set to MFN whenever there is no preference and to Duty-Free whenever the MFN is zero.

Most of the existing trade is already free of duty, either because the MFN tariff is zero, or because of the existing regional agreements. This raises some issues that have to be discussed. First, when trade is already widely liberalized, the country may lose some bargaining power in tariff negotiations. This is for example the case in Libya where duty-free access is already granted to the five most imported products independently of the trading partner. The same

observations can be made in South Africa and Seychelles. This makes difficult the establishment of a tariff offer as there is no new concession to be granted. On the other hand, those countries will be the principal *winners* of the game as the main impact of the TFTA will be to provide them duty-free access to new destination markets.

Table 6 : Most imported products and utilization rate: BDI, ETH, MDG. MUS, MWI, RWA SDN (USD million)

HS2	Description	Imports	Pref. Imports	Covered	Utilization
All	**TOTAL FOR ALL PRODUCTS**	**3568.8**	**938.5**	**2363.1**	**39.7**
27	Mineral fuels, oils & product of their distillation;et	536.8	25.8	259.1	9.9
72	Iron and steel.	186.5	65.3	170.1	38.4
17	Sugars and sugar confectionery.	183	65.7	181.9	36.1
84	Nuclear reactors,boilers, mchy&mech appliance;part	163.2	2.5	70	3.6
24	Tobacco and manufactured tobacco substitutes	157.2	86.6	114.4	75.7
25	Salt; sulphur; earth & ston; plastering mat; lime	151.1	86.8	107.4	80.9
39	Plastics and articles thereof.	143.9	33.7	94.9	35.5
31	Fertilisers.	131.1	0	0	-
85	Electrical mchy equip parts thereof; sound recorder et	121.4	14.7	90.2	16.2
48	Paper&paperboard; art of paper pulp,paper/paperboar	112.8	47.2	98.5	47.9
73	Articles of iron or steel.	112.8	17	102	16.6
87	Vehicles o/t railw/tramw roll-stock, pts & accessories	106.5	4.2	80.4	5.2
09	Coffee, tea, mat? and spices.	102.5	90.9	101.8	89.3
52	Cotton.	90	0.3	26.4	1.0
15	Animal/veg fats & oils & their cleavage products; etc	80.5	50.9	66.2	76.9
33	Essential oils & resinoids; perf, cosmetic/toilet prep	71.4	33.7	50.1	67.4

In contrast, all imports from Angola and D.R. Congo, non-members of existing FTAs, receive MFN treatment. The bargaining power of those countries is therefore particularly strong, especially because the most exported products already enjoy a duty-free access in most of the destination market. This is the case for petroleum oil and diamonds (HS 270900;710231) exported from Angola entirely to South Africa or flour (HS 230120) exported to Namibia, where the MFN is already zero. The same observation can be made for D.R. Congo regarding the 621 and 221 million dollars of copper and cobalt ores and concentrates (HS 260300; 260500) exported duty-free to Zambia thanks to the zero MFN tariff rate. As they already benefit from a free market access in the industries in which they are specialized, these countries have not much to gain from the TFTA in terms of exports while they will lose tariff revenues. This loss may however be more than compensated by the benefits associated to the reduction in import prices and therefore to the increase in consumer's surplus. Thus, the outcome of the negotiations will depend on the relative importance assigned by policy makers to the different economic actors: producers, lobbies, consumers or government (tariff revenues).

Second, many products are exported under preferential tariff rates of zero if the trading partner is member of the same REC. This is the case for several products in Burundi (COMESA FTA; EAC), Madagascar (COMESA FTA; SADC), Namibia (SACU), Rwanda (COMESA FTA, EAC), Uganda (COMESA; EAC), Sudan (COMESA FTA) and Zimbabwe (COMESA FTA, SADC). In such situations, the potential of the TFTA should mainly be measured in terms of extensive margin of trade, i.e., not necessarily through an increase in trade values for country-pairs already trading before the agreements but mostly through new trade relationships. Hence, extending the preferential treatment to other markets may be very beneficial, especially when the MFN tariff is high.

As an illustration, if the Portland cement imported by Burundi from Zambia could be produced more efficiently by another TFTA member state, reducing the 55% MFN to zero may help to dampen the distortion that the first agreement under the existing RECs could have generated. Those countries will therefore negotiate and make a tariff offer to reduce the MFN. They may however face a high opposition from existing preferential partners due to the preference's erosion.

IV. Discussing the trade potential of the TFTA: a simulation model

In order to fully benefit from the welfare-enhancing potential of trade agreements, the latter should rely on sound economic research evaluating policy options. Although the descriptive analysis of the current trade structure of the TFTA members already provide valuable information, it is not sufficient to devise an efficient negotiating strategy. Some additional information could significantly improve the analysis such as national production data, firm-level data, production costs, import demand price-elasticity, price elasticity of substitution between goods from TFTA and non-TFTA members, and the preferences/priorities of the governments. As most of the time, the data are not available for the 26 TFTA countries, in order to support the tariff negotiation process, this section describes an adjusted version of the basic UNCTAD Trade Policy Simulation Model (TPSM) to assess the impact of the agreement. More precisely, the main outputs of this simulation exercise are the estimated trade creation and trade diversion (disaggregated by country groups: other African and non-African developing countries or developed countries) effects as well as the government's forgone duty revenues associated with preferential imports from the TFTA region. All results are available on the TradeMark Southern Africa website.

The UNCTAD TPSM is a static partial equilibrium model providing the projected impact of the tariff phase-out on imports and exports assuming no other adjustment relative to prices or other macro-economic variables.

Its methodology present the advantage of being straightforward and most importantly, the impact is estimated at the 6-digit tariff line level. In addition, the data requirements are relatively small in comparison with alternative forms of impact evaluation. A comprehensive description of the model is available in Laird and Yeats (1986).

One the major challenges in applying this basic model to the TFTA region relies on the currently very low utilization rates. The complexity stems first of all from the fact that the model should reflect both actual utilization of existing Regional Economic Communities (EAC, COMESA and SADC) and assumed utilization of the Tripartite FTA. Indeed, considering that RECs preferences are initially fully utilized could generate an important bias in the analysis. What follows focuses on the modifications and extensions to the original model described in the Training Module on Tariff Liberalisation by TradeMark Southern Africa, *Explanatory Note to Tariff Tables*.

Estimation of utilization rates of existing RECs

Utilization of existing preferences is at the heart of the model adjustment. For several COMESA members (Burundi, Ethiopia, Madagascar, Malawi, Mauritius, Rwanda and

Sudan), actual utilization rates at the product level were supplied by the COMESA Secretariat (as indicated in Appendix Table 13). For several countries (Egypt, Mozambique, Uganda, Zambia and Zimbabwe) where actual utilization rates are missing, the rates were estimated on the basis of available sources, including the COMESA Statistical Brief No. 6 (December, 2007)[4] and using the following formula[5]:

$$\text{UTRX} = \frac{100 - IMP_{MFN0} - IMP_{EXE} - IMP_{MFN}}{100 - IMP_{MFN0} - IMP_{EXE}} * 100 \qquad (1)$$

where:

- UTRX : Estimated utilization rate for existing REC (Per cent)
- IMP_{MFN0} : Per cent of non-dutiable imports
- IMP_{EXE} : Per cent of exemptions
- IMP_{MFN} : Per cent of imports receiving MFN treatment

For the other countries where no data source is available, a default value of the utilization rates was assumed.

Calculation of import values receiving preferential or MFN treatment

$$\text{RECX} = \frac{UTRX * IMP_{tot}}{100} \; ; \quad \text{OTHX} = IMP_{tot} - RECX \qquad (2)$$

$$\text{REC} = \frac{UTRATE * IMP_{tot}}{100} \; ; \quad \text{OTH} = IMP_{tot} - REC \qquad (3)$$

where:

- RECX : Value of imports receiving preferential treatment under existing REC
- OTHX : Value of imports receiving MFN treatment under existing REC
- IMP_{tot} : Total value of imports
- REC : Value of imports receiving preferential treatment under the TFTA assuming the utilization rate UTRATE
- OTH : Value of imports receiving MFN treatment under the TFTA
- UTRATE : Assumed utilization rate for the TFTA (per cent)
- Assumption : UTRATE $\geq$ UTRX

Note that all the trade flows are bilateral and disaggregated at the HS 6-digit tariff line level.

Adjusting the tariff rates to the utilization rates

Whenever imports are not fully receiving preferential treatment whereas the product is covered by the agreement (utilization rate < 100%), an upward adjustment of the preferential tariff is needed. Indeed, in such cases, even if the preferential tariff is close to zero, the

[4] For COMESA all variables were retrieved from the COMESA Statistical Brief No. 6 (December, 2007).
[5] In the above formula we assume that all dutiable imports are covered by respective preferential scheme (The actual information on the product coverage is missing in available sources).

"effectively applied preferential tariff" is higher as a given share of imports receives MFN treatment. Let us start by defining the best tariff rate as follows:

$$\text{BEST} = MIN[MFN,\ PF_1,\ PF_2,\ \ldots, PF_i, \ldots, PFn] \tag{4}$$

Hence, BEST is the minimum rate applied to a concrete product and a given partner (i.e. the minimum of MFN and various applicable preferential rates, PF_1 , PF_2, …, PFn in per cent). This tariff is applied on bilateral imports for a given product and partner. However, as preference may not be fully utilized, it has to be adjusted as follows[6]:

$$\text{BESTC1} = \frac{MFN(OTHX - OTH) + BEST * RECX}{REC} \tag{5}$$

As a result, the adjusted "best" rate applied for the Tripartite FTA members only, BESTC1, is a trade weighted average of the best applied tariff rate (BEST) and the MFN tariff rate. It is therefore adjusted by actual utilization of existing RECs and assumed utilization of the Tripartite FTA.

Note that the above expression can be rewritten as follows:

$$\text{BESTC1} * \text{REC} + \text{MFN} * \text{OTH} = \text{MFN} * \text{OTHX} + \text{BEST} * \text{RECX} \tag{6}$$

Hence, the tariff revenues assuming a utilization rate of UTRATE, raised by applying BESTC1 on preferential imports (REC) are identical to those raised by imposing the BEST rate on preferential imports from the existing RECs, the latter being computed according to the effective (or estimated) utilization rate UTRX.

Similarly, the calculation of the tariff applied to partners other than the Tripartite FTA members, adjusted by actual utilization of existing RECs, follows the formula below:

$$\text{BESTC2} = \frac{MFN * OTHX + BEST * RECX}{IMP_{tot}} \tag{7}$$

Note that if no preferences are granted to TFTA non-members, then all imports receive MFN treatment (OTHX=TOT), thus giving BESTC2 = MFN.

Trade Creation

The trade creation for imports receiving preferential treatment under the Tripartite FTA is computed according to the standard formula below:

$$TC = REC * (-Elast_M)\frac{New - Old}{1 + Old} \tag{8}$$

[6] In a full utilization rate scenario (UTRATE=100%) as it is the case in this paper, then OTH=0 and REC=IMP_{tot} .

Where

- Offer: Preferential rate offered under the TFTA (assumed value=0)
- Old = BESTC1/100, New = Offer/100
- $Elast_M$: Import demand price elasticity

Trade creation represents the variation in the level of domestic import demand from a given trading partner resulting from the relative price variation associated with the reduction in tariffs. We assume a full transmission from tariff to prices, such that the decrease in prices of imported goods will fully benefit the consumers. Expression (8) The elasticity of export supply with respect to the word price is assumed to be infinite.

For imports not receiving preferential treatment under the TFTA, the formula is similar as equation (6) except that REC is replaced by OTH. However, as New and Old are both equal to the applied MFN tariff, the resulting trade creation is always zero.

Trade Diversion

The trade diversion effect captures a substitution effects between imports of goods originating from the TFTA region and those imported from non-members. It results from the relative change in prices associated either with a change in MFN or preferential tariff rates. In other words, it captures the shift in imports initially originating from outsider of the trade bloc towards the preferential trading partners. It is therefore positive for the preference-receiving TFTA members but negative for the other countries. The formula is given below:

$$TD = \frac{IMP_i * IMP_{row} * Es * RPC_i}{IMP_{row} + IMP_i\ (1 + Es * RPC_i)} \qquad (9)$$

Where

- IMP_i: Imports from a given trading partner
- IMP_{row}: Imports from other trading partners (rest of the world)
- Es: elasticity of substitution between goods from different sources
- RPC_i: relative price changes (assumed to be the relative tariff variations)

The Forgone Duty Revenues

The forgone duty revenues (FDR) are calculated as follows:

$$FDR = \frac{(MFN * OTHX + BEST * RECX) - (MFN * OTH + Offer * REC)}{100}$$

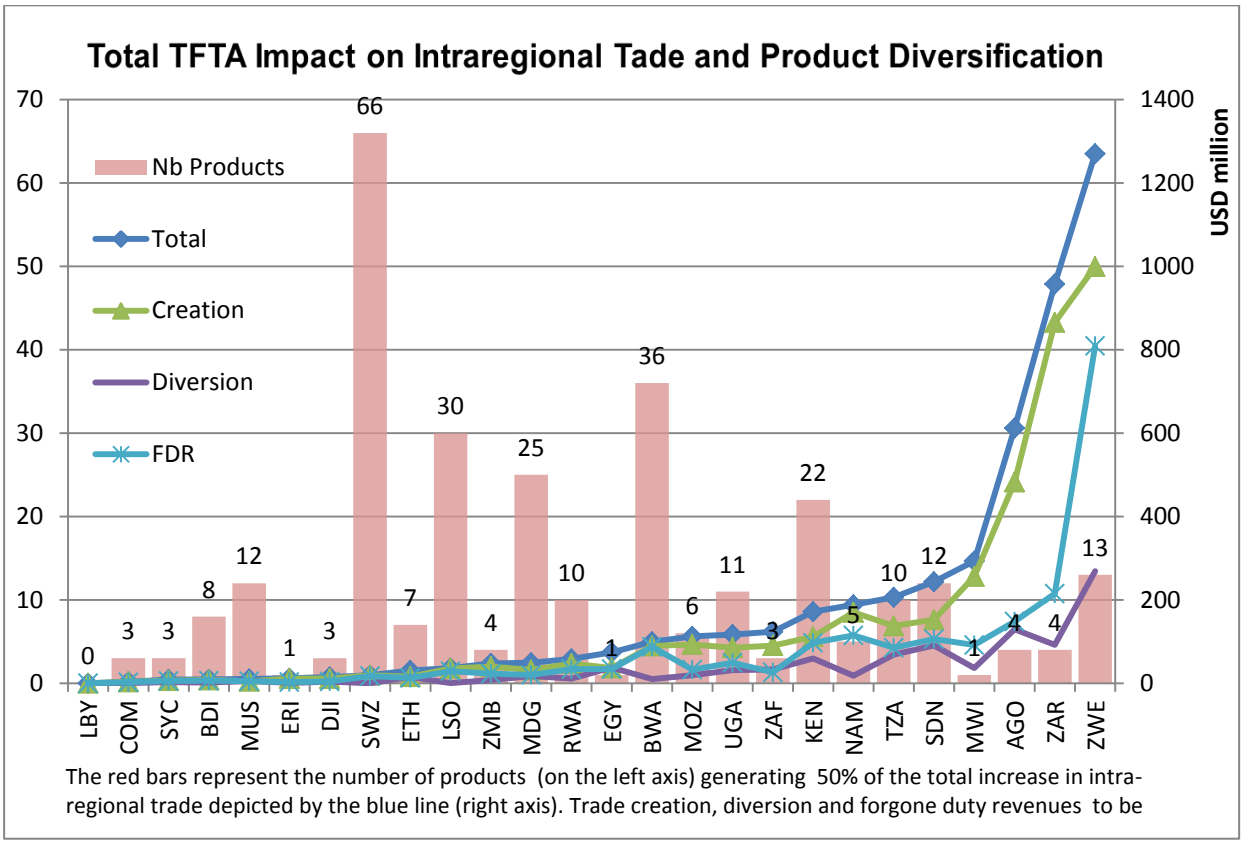
They represent the loss of tariff revenues resulting from the rise in preferential imports. Thus, the first expression in parenthesis represent the initial value of tariff revenues and whereas the second part is the tariff revenues raised by applying the MFN tariff on the imports OTH and the new preferential tariff (Offer) on the remaining REC imports. Note that the Tripartite agreement being an FTA, the Offer is assumed to be zero, giving that the government only raise tariff revenues by applying the MFN tariff rate on imports from non-member countries of the TFTA (MFN*OTH).

Simulation results: TFTA impact on imports

Table 7 displays the aggregate results of the simulation model with a full utilization rate scenario. Values are sorted by total effect, summing up the trade creation and diversion effect. This effect captures the total increase in intra-regional imports, whether or not created by the agreements or resulting from a shift in imports from the rest of the world to TFTA partners. In Zimbabwe, the potential rise in imports from regional partners amounts to 1'270 million of dollars, among which 999'571 million is exclusively trade creation. In terms of trade diversion, results suggest that non-TFTA developing countries will support about half of the amount. In relative terms, the estimated impact in the Democratic Republic of Congo is the highest with a rise in imports from about 54%. Moreover, the trade diversion effect is relatively small as it represents only 9.6% of the total rise in intraregional imports. However, as we will see in the export simulation results, DRC may be opposed to the TFTA if the government prioritize the production side at the expense of the consumers.

Table 7 : Trade effect of the TFTA ($000), in descending order by Total Effect

Country	Total Imports		Trade Effects for TFTA Members			Trade Diversion for non TFTA members			Forgone Duty Revenues	Total Effect % of TFTA imports
	World	TFTA	Trade Creation	Trade Diversion	Total Effect	African DCs	Other DCs	Other Countries		
ZWE	9'042'125	5'576'496	999'571	268'990	1'270'000	-1'725	-132'000	-135'000	809'224	22.8
DRC	4'112'700	1'756'322	865'415	92'127	957'662	-20'562	-35'888	-35'796	215'060	54.5
AGO	15'440'421	1'294'293	482'533	129'460	612'137	-2'682	-55'294	-71'629	148'432	47.3
MWI	2'163'708	985'570	256'128	36'597	292'819	-57	-22'364	-14'269	91'927	29.7
SDN	8'576'867	647'498	152'454	90'793	243'313	-599	-58'459	-31'801	106'195	37.6
TZA	7'985'516	1'225'947	137'329	68'944	206'365	-205	-42'358	-26'472	85'437	16.8
NAM	5'977'601	4'513'109	170'006	18'284	188'372	-8	-11'405	-6'953	115'022	4.2
KEN	12'014'014	1'419'453	111'865	59'584	171'532	-76	-29'506	-30'085	97'391	12.1
ZAF	78'894'885	3'529'543	90'458	33'032	123'550	-255	-28'347	-4'490	26'190	3.5
UGA	4'656'219	917'823	85'211	31'543	116'859	-114	-20'753	-10'781	49'224	12.7
MOZ	2'936'070	1'366'794	93'132	19'266	112'571	-425	-10'067	-8'947	32'592	8.2
BWA	5'571'092	4'207'403	89'501	10'122	99'696	-15	-6'091	-4'090	87'524	2.4
EGY	52'494'561	1'129'465	36'669	37'642	74'341	-968	-13'978	-22'726	34'390	6.6
RWA	1'355'926	489'799	47'241	11'135	58'505	-157	-7'726	-3'382	33'988	11.9
MDG	2'533'083	408'985	31'777	17'192	49'113	-66	-8'601	-8'669	20'194	12.0
ZMB	5'311'319	3'377'544	39'878	7'643	47'686	-14	-3'229	-4'566	22'991	1.4
LSO	1'334'759	1'271'930	35'411	605	36'017	-25	-24	-557	28'991	2.8
ETH	8'468'823	238'414	15'760	14'988	30'825	-55	-6'369	-8'640	12'895	12.9
SWZ	1'234'056	1'074'839	19'166	0	19'166	0	0	0	17'251	1.8
DJI	647'564	47'251	11'255	3'886	15'158	-33	-2'293	-1'576	4'485	32.1
ERI	334'796	89'019	11'253	804	12'094	0	-477	-365	2'799	13.6
MUS	4'328'754	513'090	4'669	5'760	10'442	-1	-2'672	-3'100	4'992	2.0
BDI	403'974	138'608	7'782	1'617	9'467	-3	-758	-924	6'212	6.8
SYC	815'935	112'216	6'137	2'668	8'826	0	-1'601	-1'088	5'507	7.9
COM	201'465	68'768	3'324	274	3'621	-1	-87	-210	2'501	5.3
LBY	19'518'403	1'243'839	0	0	0	0	0	0	0	0.0



The red bars represent the number of products (on the left axis) generating 50% of the total increase in intra-regional trade depicted by the blue line (right axis). Trade creation, diversion and forgone duty revenues to be

Table 8 : Trade effect of the TFTA ($000), by product

TFTA Importer	HS description	HS 6	Trade Impact for TFTA members			
			Creation	Diversion	Total	FDR
AGO	Cigarettes containing tobacco	240220	132'904	842	133'746	10'606
	Light petroleum oils & preparations	271011	84'983	5'260	90'243	6'048
	Frozen mackerel (excl. livers and roes)	30374	63'558	11	63'569	3'247
	Maize (corn) flour	110220	15'684	581	16'265	353
BDI	Portland cement (excl. white)	252329	2'044	6	2'051	2'198
	Cigarettes containing tobacco	240220	592	0	592	25
	Husked (brown) rice	100620	185	377	562	223
	Flat-rolled product of iron, clad,plated	721041	411	22	432	300
BWA	Light petroleum oils & preparations	271011	12'776	21	12'797	8'451
	Motor cars	870323	4'948	1'974	6'922	5'132
	Smoking tobacco with or without tobacco substitutes	240310	5'890	0	5'890	4'781
	Gas powered trucks with a GVW not exceeding five tonnes	870431	1'716	120	1'836	1'754
COM	Coloured woven fabrics of cotton, =<200g/m2, nes	521214	676	0	676	27
	Knitted or crocheted furnishing articles, nes	630491	616	0	616	262
	Cellular plates, sheets, film, foil and strip, of other plastics	392119	367	0	367	475
	Aeroplanes and other aircraft, unladen weight> 15,000 kg	880240	355	0	355	576
DJI	Petroleum oils	271019	2'109	1'216	3'325	826
	Automobiles with diesel engine displacing >1500 to 2500 cc	870332	2'617	140	2'757	167
	Other plants or parts, of a kind used in perfumery, pharmacy...etc, nes	121190	1'214	0	1'214	394
	Automobiles with diesel engine displacing not more than 1500 cc	870331	821	104	925	116
DRC	Light petroleum oils & preparations	271011	169'764	13'575	183'339	11'263
	Flat-rolled product of iron, clad,plated	721041	108'347	576	108'924	3'590
	Wheat or meslin flour	110100	102'941	1'532	104'472	6'075
	Frozen mackerel (excl. livers and roes)	30374	74'868	4	74'872	3'506
EGY	Other manufactured tobacco, nes	240399	9'778	13'443	23'221	12'320
	Motor cars	870323	5'314	10'149	15'463	10'626
	Butanes, liquefied	271113	1'622	2'902	4'524	1'594
	Printed, dyed or coloured woven fabrics, >=85% polyester fibres	551219	3'067	500	3'567	278
ERI	Smoking tobacco with or without tobacco substitutes	240310	4'523	0	4'523	286
	Wheat or meslin flour	110100	2'692	8	2'700	146
	Cashew nuts, shelled, fresh or dried	80132	510	2	512	12
	Cigarettes containing tobacco	240220	290	31	321	20
ETH	Automobiles with diesel engine displacing more than 2500 cc	870333	3'257	2'200	5'457	2'187
	Mixtures of odoriferous substances as raw materials for industry	330210	1'596	2'151	3'746	1'901
	Automobiles with reciprocating piston engine displacing > 3000 cc	870324	703	765	1'467	612
	Petroleum oils	271019	887	576	1'463	309
KEN	Maize (excl. seed)	100590	13'893	3'947	17'840	19'256
	Tobacco, partly or wholly stemmed/stripped	240120	9'308	1'987	11'294	2'571
	Unbleached sack kraft paper, uncoated, in rolls or sheets	480421	5'763	853	6'615	1'875
	Bars & rods, iron & na steel	721420	5'707	189	5'896	285
LBY	Onions and shallots, fresh or chilled	70310	0	0	0	0
	Taps, cocks, valves and similar appliances, nes	848180	0	0	0	0
	Safety glass laminated for vehicles, aircraft, spacecraft or vessels	700721	0	0	0	0
	Preparations for use on the hair, nes	330590	0	0	0	0
LSO	Cigarettes containing tobacco	240220	1'655	0	1'655	1'516
	Dresses of cotton, knitted or crocheted	610442	1'297	1	1'298	1'451
	Buses with a seating capacity of more than nine persons nes	870290	469	580	1'049	497
	Sugar confectionery (incl. white chocolate), not containing cocoa, nes	170490	1'035	0	1'035	1'127
MDG	Smoking tobacco with or without tobacco substitutes	240310	2'280	0	2'280	157
	Frozen tunas, nes (excl. livers and roes)	30349	2'022	35	2'057	59
	Cigarettes containing tobacco	240220	1'890	78	1'968	64
	Rubber thread and cord, textile covered	560410	1'442	9	1'451	18
MOZ	Light petroleum oils & preparations	271011	18'388	899	19'286	1'124
	Maize (corn) flour	110220	10'782	0	10'782	248
	Petroleum oils	271019	6'255	2'960	9'214	2'059
	Petroleum gases and other gaseous hydrocarbons, liquefied, nes	271119	7'055	8	7'063	218
MUS	Wine (not sparkling); grape must with by alcohol in: <=2l containers	220421	337	571	908	440
	Bars & rods, iron & na steel	721420	812	18	830	398
	Margarine (excl. liquid)	151710	322	314	636	377
	New pneumatic tyres, of rubber of a kind used on buses or lorries	401120	164	295	458	223
MWI	Light petroleum oils & preparations	271011	145'285	1'061	146'346	9'404
	Automobiles with diesel engine displacing >1500 to 2500 cc	870332	16'732	849	17'582	1'083

	Tobacco, partly or wholly stemmed/stripped	240120	16'186	0	16'186	13'898
	New stamps; stamp-impressed paper; cheque forms; banknotes, etc	490700	3'084	4'893	7'977	3'620
NAM	Light petroleum oils & preparations	271011	45'098	3'025	48'122	2'807
	Motor cars	870323	19'296	1'906	21'201	19'813
	Cigarettes containing tobacco	240220	17'870	34	17'904	5'893
	Diesel powered buses with a seating capacity of > nine persons	870210	2'971	247	3'218	1'443
RWA	Portland cement (excl. white)	252329	6'850	73	6'923	8'023
	Dried fish, not smoked (excl. cod)	30559	5'237	0	5'237	401
	Petroleum oils	271019	2'430	1'738	4'168	1'273
	Raw cane sugar, in solid form	170111	2'072	407	2'479	2'427
SDN	Cigarettes containing tobacco	240220	26'317	269	26'586	1'206
	Other flat-rolled products of iron/non, hot-rolled	720890	12'180	7'319	19'499	6'194
	Prefabricated buildings	940600	3'579	9'471	13'050	7'946
	Semi-fin prod, iron or non-alloy steel,	720719	11'758	1'194	12'952	750
SWZ	Cigarettes containing tobacco	240220	1'793	0	1'793	531
	New pneumatic tyres, of rubber of a kind used on motor cars	401110	263	0	263	352
	Long pile fabrics, knitted or crocheted	600110	260	0	260	375
	Citric acid	291814	257	0	257	263
SYC	Cigarettes containing tobacco	240220	3'024	136	3'160	2'034
	Diesel powered trucks, GVW>5 tonnes	870422	432	166	599	197
	Yogurt	40310	373	51	424	51
	Diesel powered trucks, GVW<5 tonnes	870421	95	141	236	126
TZA	Petroleum oils	271019	52'894	14'781	67'676	8'687
	Bars & rods, iron & na steel	721420	5'696	2'356	8'052	2'527
	Diesel powered trucks, GVW<5 tonnes	870421	3'327	3'721	7'048	3'813
	Cigarettes containing tobacco	240220	3'209	37	3'246	51
UGA	Cigarettes containing tobacco	240220	28'378	49	28'428	910
	Petroleum oils	271019	6'451	1'887	8'338	1'071
	Portland cement (excl. white)	252329	3'954	274	4'228	4'191
	Undenatured ethyl alcohol, strength >=80%	220710	2'906	56	2'961	2'241
ZAF	Cigarettes containing tobacco	240220	26'870	956	27'826	765
	Light petroleum oils & preparations	271011	22'898	1'966	24'864	1'038
	Men's or boys' trousers, breeches, of cotton	620342	3'984	4'524	8'509	3'106
	Men's or boys' shirts of cotton	620520	3'706	3'357	7'063	2'755
ZMB	Dump trucks designed for off-highway use	870410	6'359	456	6'816	2'795
	Cigarettes containing tobacco	240220	6'055	3	6'058	67
	Petroleum oils	271019	4'171	83	4'254	2'319
	Copper cathodes and sections of cathodes unwrought	740311	3'946	0	3'946	1'494
ZWE	Tobacco, partly or wholly stemmed/stripped	240120	127'342	69'006	196'347	74'723
	Petroleum oils	271019	64'810	38'609	103'418	42'613
	Diesel powered trucks with a GVW not exceeding five tonnes	870421	26'333	38'846	65'179	38'182
	Soap and organic surface-active products in bars, etc, nes	340119	56'159	18	56'177	15'569

Simulation results: TFTA impact on exports

Table 9 provides the main results by country in terms of potential export growth. The estimated export growth resulting from the TFTA is particularly strong in Ethiopia and Madagascar where exports could potentially rise by 79% and 56% respectively. For Madagascar, this increase is essentially due to the South African export market whereas Ethiopia would profit from the preferential market of Sudan and Angola. However, if the relative values are high, the absolute values are moderate with respective export rise of 226 and 43 million dollars respectively. In absolute values, the rise in exports is particularly strong for South Africa. This effect nevertheless mostly captures the exports of petroleum oil to Zimbabwe and Zambia as well as exports of trucks to Zimbabwe.

Table 9 : Projected Export Growth in the TFTA (2011 trade data)

TFTA Exporter	TFTA Exports ($000)	Export Growth ($000)	Export growth rate (%)	Country Code	Export Share (%)	Export growth rate (%)
AGO	1'607'480	1'226	0.1	ZAF	98.6	0
				MOZ	0.8	3.6
				NAM	0.6	2.4
				TZA	0	10
				UGA	0	0.4
BDI	32'010	1'509	4.7	KEN	45.7	1.4
				ZAR	24.2	10
				RWA	14.5	8.8
				UGA	13.4	1.2
				TZA	1.9	2.6
BWA	1'094'268	67'686	6.2	ZAF	71.5	0
				ZWE	15.7	35
				ZMB	6.9	3.4
				NAM	2.8	3.9
				ZAR	1.6	10.3
COM	2'808	31	1.1	KEN	51.1	0.1
				ZAF	29.6	0
				MOZ	7.9	6.5
				EGY	6.1	2.7
				MDG	3.8	8.7
DJI	31'545	103	0.3	EGY	94.3	0.1
				TZA	3.9	3.4
				ETH	1	4.1
				ZAF	0.4	0.4
				BDI	0.3	12.2
EGY	2'742'230	257'065	9.4	ZAF	36.8	1.7
				LBY	20.1	0
				SDN	19.5	30.8
				KEN	8.3	6.6
				ERI	2.3	11.5
ERI	1'606	114	7.1	EGY	84.5	4.4
				UGA	3.6	58.2
				BDI	3	0.2
				TZA	2.4	0.2
				ZMB	1.9	12.4
ETH	286'501	225'706	78.8	SDN	62.3	119.1
				DJI	26.4	9.8
				KEN	5.8	1.8
				ZAF	2.3	14.7
				AGO	1.4	22.8
KEN	2'179'579	157'184	7.2	UGA	30.2	10.8
				TZA	19.3	6
				SDN	10.9	0
				EGY	10.5	2.9
				ZAR	7.4	0
LSO	291'054	1'496	0.5	ZAF	97.5	0
				MDG	1.2	3.3
				EGY	0.4	2.7
				KEN	0.4	19

				SWZ	0.2	0
MDG	75'930	42'744	56.3	ZAF	36.4	148.1
				MUS	22.5	1.9
				KEN	16.5	2.3
				COM	14.7	5.9
				SYC	5.1	1.3
MOZ	826'785	195'056	23.6	ZAF	70.6	23.1
				ZWE	15.4	32.7
				MWI	5.6	20.2
				KEN	3.8	1.8
				AGO	0.8	13.6
MUS	319'070	107'869	33.8	ZAF	51.7	21.4
				MDG	34.3	14
				SYC	6.7	10.6
				KEN	2.4	16.3
				RWA	1.5	2
MWI	506'574	58'219	11.5	ZWE	24.1	38.4
				ZAF	22.8	0.9
				KEN	14.6	0.9
				EGY	12.4	0.2
				MOZ	8.9	2.1
NAM	2'427'519	355'812	14.7	ZAF	70.6	0
				AGO	20.3	47.4
				ZAR	3.8	117.9
				BWA	1.6	1.7
				ZMB	1.4	0.9
RWA	108'714	28'937	26.6	KEN	48.8	0.5
				ZAR	39.8	63.6
				BDI	4.6	14.4
				UGA	4.6	5.1
				ZAF	0.8	1.2
SDN	180'088	4'129	2.3	ETH	80.9	2.2
				EGY	14.8	0.5
				RWA	2	0.3
				UGA	1.8	19.4
				ZMB	0.2	0.4
SWZ	183'420	27'488	15.0	TZA	26.4	23.8
				ZWE	12.6	5.8
				NAM	11	0.7
				UGA	10.2	24
				MOZ	9.6	5.5
SYC	29'000	6'548	22.6	MDG	66.1	32.2
				MUS	21.2	0
				KEN	4.6	13.6
				UGA	2.4	0.6
				ZAF	2.3	0.5
TZA	1'652'042	239'037	14.5	ZAF	51.9	1.8
				KEN	13.3	5.7
				ZAR	7.7	107.6
				RWA	5.8	11.8
				MOZ	4	31.7
UGA	1'048'629	344'394	32.8	SDN	31.4	54.7
				KEN	21.6	3.7
				RWA	18.5	10.2
				ZAR	17.4	69.7
				TZA	4	5.3
ZAF	12'128'401	3'000'000	24.5	ZWE	20.2	36.2
				MOZ	20.1	6
				ZMB	19.6	2.1
				ZAR	9.1	36.2
				AGO	7.4	44.4
ZAR	1'386'501	19'358	1.4	ZMB	95.9	0.3
				ZAF	1.1	0.2
				RWA	1	19.8
				EGY	0.8	6.3
				UGA	0.5	14.1
ZMB	2'210'129	264'569	12.0	ZAF	37.9	0.3
				ZAR	26.4	29.2
				ZWE	10.9	25
				MWI	5.4	12.9

				KEN	3.7	0.4
ZWE	2'699'908	50'346	1.9	ZAF	87.4	0.7
				MOZ	4.8	1.1
				ZMB	3.2	1.4
				BWA	1.5	1.4
				MWI	0.7	26.2

V. Conclusion

The exercise carried out in this paper shows that intraregional trade is limited and concentrated in few products and countries. Because initial values are low, the estimated impact of the TFTA on trade flows is rather limited. Indeed, the estimated overall trade effect amounts to 4.7 billion (13% increase) including 3.8 billion dollars of pure trade creation. However, this impact is concentrated not only in few countries but also on few products within TFTA members. The principal beneficiaries of the rise in intra-regional trade are Zimbabwe, DR. Congo and Angola, together capturing 60% of the total trade effect. In addition, within those countries, the impact is concentrated in few products, such as cigarettes, petroleum, vehicles (automobile and truks), iron and cereal flour. As some products (ex. vehicles) do not easily comply with rules of origins, the full utilization assumption is quite strong. Moreover, because the TFTA modalities may allow the exclusion of the few products for which the impact is significant and/or FDR are high, the full coverage scenario may not be realistic. Hence, the estimated effect is an indicative upper bound and a drastic trade liberalization has to be undertaken otherwise the impact will be moderate or even inexistent.

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Appendix

Table 10 : Imports from the TFTA and from the World, by Supplier

	TFTA			World			TFTA/World ratio	
TFTA Importer	Total Imports (USD millions)	Supplier	Import Share	Total Imports (USD millions)	Supplier	Import Share	All products	Excl. HS27
Angola	1294.3	ZAF	54.1	15454.6	EUN	39.5	8.4	8.5
		NAM	43.1		CHN	13.0		
		EGY	1.4		USA	7.6		
		ZWE	0.3		BRA	6.1		
		TZA	0.2		COG	5.8		
Burundi	138.6	ZMB	24.6	404.1	EUN	26.4	34.3	33.5
		KEN	21.3		CHN	12.0		
		UGA	19.9		JPN	9.4		
		TZA	17.4		ZMB	8.4		
		EGY	8.1		KEN	7.3		
Botswana	4207.4	ZAF	96.6	5578.3	ZAF	72.9	75.4	71.1
		NAM	1.6		EUN	12.7		
		ZWE	0.9		CHN	4.9		
		ZMB	0.3		ISR	1.9		
		MOZ	0.2		USA	1.3		
Comoros	68.8	TZA	62.1	201.5	EUN	27.9	34.1	33.3
		ZAF	18		TZA	21.2		
		MDG	8.8		PAK	10.8		
		KEN	8.6		CHN	6.6		
		ETH	1.2		ZAF	6.1		
Djibouti	47.3	ETH	68.7	647.6	EUN	37.0	7.3	7.2
		EGY	22.2		ARE	18.5		
		ZAF	4.8		SAU	6.0		
		KEN	3.8		JPN	5.5		
		SDN	0.3		ETH	5.0		
Egypt	1129.5	LBY	29.8	53003.4	EUN	27.8	2.1	2.2
		ZMB	23.1		USA	9.4		
		KEN	18.3		CHN	9.2		
		ZAF	14.2		SAU	4.0		
		DJI	3.9		KOR	3.6		
Eritrea	89.0	EGY	62.4	335.0	EUN	21.7	26.6	28.1
		ZAF	31.3		EGY	16.6		
		KEN	5.5		IND	12.8		
		TZA	0.6		CHN	11.6		
		UGA	0.2		ZAF	8.3		
Ethiopia	238.4	SDN	45.8	8501.9	CHN	24.3	2.8	1.8
		ZAF	24.6		EUN	15.7		
		KEN	13.8		SAU	12.0		
		LBY	7.7		IND	7.3		
		SWZ	6.4		ARE	5.7		
Kenya	1419.5	ZAF	53.1	12092.9	EUN	17.6	11.7	14.1
		EGY	16.3		CHN	12.6		
		TZA	9.4		ARE	12.1		
		UGA	8.2		IND	10.8		
		SWZ	3.5		ZAF	6.2		
Libya	1243.8	EGY	97.5	19549.8	EUN	42.3	6.4	7.0
		ZAF	2.4		CHN	10.5		
		NAM	0.1		TUR	9.9		
		KEN	0		EGY	6.2		
		ZWE	0		KOR	7.2		
Lesotho	1271.9	ZAF	99.9	1334.8	ZAF	95.2	95.3	94.6
		MOZ	0.1		JPN	2.5		
		SDN	0		GMB	0.2		
		SWZ	0		EUN	1.6		
					USA	0.2		
Madagascar	409.0	ZAF	48.2	2546.2	EUN	24.7	16.1	17.9
		MUS	32.5		CHN	12.2		
		EGY	8.3		ZAF	7.7		
		SYC	5.1		USA	5.8		
		KEN	2.5		BHR	5.5		
Mozambique	1366.8	ZAF	89.6	2943.8	ZAF	41.6	46.4	44.5
		TZA	4.5		EUN	15.6		

		SWZ	1.3		IND	6.8		
		NAM	1.2		CHN	4.4		
		MUS	1.1		JPN	4.3		
		ZAF	72.2		IND	22.3		
		KEN	8.4		EUN	22.1		
Mauritius	513.1	EGY	6.1	4402.3	CHN	13.3	11.7	11.8
		MDG	3.6		ZAF	8.4		
		SYC	2.7		JPN	3.3		
		ZAF	66.4		ZAF	30.1		
		ZMB	12.2		EUN	13.2		
Malawi	985.6	KEN	5	2173.0	CHN	9.1	45.4	39.9
		TZA	3.7		IND	7.6		
		ZWE	3.3		ZMB	5.5		
		ZAF	96		ZAF	72.4		
		ZMB	1.7		EUN	11.6		
Namibia	4513.1	MWI	1	5979.7	CHN	3.4	75.5	78.3
		BWA	0.4		ZMB	1.3		
		SWZ	0.4		CHE	1.3		
		UGA	38.5		EUN	16.3		
		KEN	24.1		UGA	13.9		
Rwanda	489.8	TZA	15.1	1356.4	CHN	11.7	36.1	37.0
		ZAF	10		KEN	8.7		
		EGY	5.1		IND	6.6		
		EGY	63.4		CHN	16.6		
		KEN	9.8		EUN	13.8		
Sudan	647.5	ZAF	8.1	8589.9	JPN	9.5	7.5	7.7
		SWZ	5.3		SAU	7.6		
		RWA	4.9		ARE	7.4		
		ZAF	96.1		ZAF	82.1		
		MOZ	1.6		CHN	4.0		
Swaziland	1074.8	BWA	1.1	1258.4	EUN	2.4	85.4	83.2
		ZWE	0.5		JPN	2.4		
		LSO	0.5		UNS	1.9		
		ZAF	54.9		EUN	33.9		
		MUS	39.4		ARE	19.1		
Seychelles	112.2	KEN	3.1	818.4	SGP	9.6	13.7	16.0
		MDG	0.9		ZAF	7.5		
		SWZ	0.8		MUS	5.4		
		ZAF	62.9		EUN	13.7		
		KEN	22.5		IND	11.2		
Tanzania	1225.9	EGY	2.9	8012.9	CHN	10.9	15.3	16.9
		SWZ	2.7		ZAF	9.6		
		ZMB	2.5		ARE	8.4		
		KEN	55.7		IND	14.7		
		ZAF	27.3		EUN	14.4		
Uganda	917.8	TZA	6.2	4664.3	KEN	11.0	19.7	22.1
		EGY	4.9		CHN	8.9		
		SWZ	2.3		ARE	8.4		
		AGO	56.6		EUN	29.9		
		MOZ	15		CHN	14.4		
South Africa	3529.5	ZMB	8.2	79830.5	USA	7.3	4.4	1.6
		ZWE	5.4		JPN	5.3		
		BWA	4.2		SAU	4.1		
		ZAF	49.3		EUN	24.1		
		ZMB	19		ZAF	21.0		
D.R. Congo	1756.3	KEN	9.2	4120.7	CHN	11.5	42.6	44.8
		TZA	8		ZMB	8.1		
		UGA	5.7		NGA	6.9		
		ZAF	54.2		ZAF	34.4		
		DRC	37.6		DRC	23.8		
Zambia	3377.5	ZWE	2.1	5320.8	KWT	9.6	63.5	69.6
		KEN	1.9		EUN	9.0		
		TZA	1.2		CHN	5.4		
		ZAF	81.5		ZAF	50.2		
		MOZ	4.6		USA	8.5		
Zimbabwe	5576.5	BWA	4.4	9051.5	EUN	8.2	61.6	62.2
		ZMB	4		CHN	6.2		
		MUS	1.4		ARE	5.3		

Table 11 : Most exported products to the TFTA for all products

Most exported products values (USD millions) and shares, all products					
	HS description	**HS 6 code**	**TFTA**	**Region Share**	**Product Share**
South Africa	Light petroleum oils & preparations	271011	535.0	79.8	5.3
	Diesel powered trucks with a GVW <= 5 tonnes	870421	239.7	88.3	2.4
	Other Structures and Parts, of Iron or Steel	730890	185.3	91.2	1.8
	Flat-rolled products of iron/non, hot-rolled	720839	170.9	95.0	1.7
	Electrical energy	271600	131.5	29.1	1.3
Egypt	Gold in Unwrought Forms (excl. Powder)	710812	345.9	86.7	12.7
	Milled rice	100630	174.0	88.9	6.4
	Other cane or beet sugar (solid form)	170199	110.6	48.8	4.1
	Raw cane Sugar (solid form)	170111	103.5	25.8	3.8
	Plates, sheets and strips of refined copper	740911	80.5	98.1	2.9
Kenya	Black tea	090240	285.0	71.3	13.1
	Petroleum oils	271019	97.3	61.7	4.5
	Portland Cement (excl. white)	252329	92.6	33.8	4.2
	Palm Oil (other than crude)	151190	82.0	70.7	3.8
	Cigarettes containing tobacco	240220	59.6	34.9	2.7
LDCs	Crude oil from petroleum and bituminous	270900	1965.3	99.9	23.2
	Copper Ores and Concentrates	260300	673.0	95.3	7.9
	Gold in Other Semi-manufactured Forms	710813	505.3	55.1	6.0
	Refined copper and copper alloys	740311	355.4	99.2	4.2
	Electrical energy	271600	311.2	68.9	3.7
Developing ex. LDCs	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	1245.7	98.5	18.3
	Nickel mattes	750110	518.3	100.0	7.6
	Gold in Other Semi-manufactured Forms	710813	412.1	44.9	6.0
	Mixtures of odoriferous substances as raw materials for industry	330210	321.7	92.3	4.7
	Nickel Ores and Concentrates	260400	283.1	94.0	4.2
TFTA	Crude oil from petroleum and bituminous	270900	1967.4	100.0	6.5
	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	1265.1	100.0	4.2
	Gold in Other Semi-manufactured Forms	710813	917.4	100.0	3.0
	Copper Ores and Concentrates	260300	706.5	100.0	2.3
	Light petroleum oils & preparations	271011	670.2	100.0	2.2

Table 12 : Most imported products from the TFTA

TFTA Importer	HS description	HS 6	Av. MFN	Imports ($000)	Product share	First Sup.	Sup. Share	Pref. rate to 1st sup.	Utili-zation (%)
AGO	Tanks, casks, drums, cans, boxes	731029	20.0	50'950	3.9	ZAF	99.1	MFN	
	Motor cars	870323	7.7	36'730	2.8	NAM	99.1	MFN	
	Cigarettes containing tobacco	240220	30.0	35'354	2.7	ZAF	47.1	MFN	
	Light petroleum oils & preparations	271011	18.0	33'601	2.6	ZAF	93.6	MFN	
	Diesel powered trucks with a GVW <= 5 tonnes	870421	5.7	33'541	2.6	NAM	53	MFN	
BDI	Portland Cement (excl. white)	252329	55.0	34'140	24.6	ZMB	64.2	0.0	93.5
	Other cane or beet sugar (solid form)	170199		9'317	6.7	ZMB	79.6	0.0	
	Flat-rolled product of iron, clad,plated	721041	25.0	5'716	4.1	KEN	77.5	0.0	56.7
	Malt	110710	10.0	4'996	3.6	EGY	98.4	0.0	99.1
	Petroleum oils	271000		4'141	3.0	KEN	52.8	.	
BWA	Light petroleum oils & preparations	271011	5.0	704'235	16.7	ZAF	94.5	0.0	76
	Portland Cement (excl. white)	252329	0.0	90'608	2.2	ZAF	86.2	Duty free	
	Electrical energy	271600	0.0	89'327	2.1	ZAF	85.2	Duty free	
	Motor cars	870323	24.0	88'976	2.1	ZAF	98.9	0.0	76
	Motor vehicles (transport of goods)	870431	13.7	53'475	1.3	ZAF	99.9	0.0	76
COM	Cartons, boxes	481910	0.0	33'909	49.3	TZA	100	Duty free	
	Aeroplanes and other aircraft, unladen weight>15'000kg	880240	15.0	3'838	5.6	ZAF	100	MFN	76
	Petroleum oils	271019	15.0	3'463	5.0	MDG	100	0.0	76
	Other plates, sheets, film…, of plastics	392119	15.0	3'165	4.6	TZA	100	MFN	76
	Other cane or beet sugar (solid form)	170199	0.0	3'117	4.5	ZAF	100	Duty free	
DJI	Fruits	081090	1.0	11'793	25.0	ETH	99.9	0.9	76
	Parts for television, radio and radar (aerials)	852990	1.0	5'042	10.7	ETH	100	0.9	76
	Other parts of transmission and radar apparatus	852910	1.0	4'970	10.5	ETH	100	0.9	76
	Petroleum oils	271019	21.4	3'866	8.2	EGY	93.5	MFN	76
	Prepared unrecorded media (no film) for sound	852380		2'787	5.9	ETH	100	.	
EGY	Refined copper and copper alloys	740311	2.0	223'723	19.8	ZMB	90.4	0.0	76
	Black tea	090240	2.0	190'408	16.9	KEN	96.3	0.0	76
	Butanes (Liquefied)	271113	5.0	132'825	11.8	LBY	100	0.0	76
	Other manufactured tobacco and substitutes	240399	20.0	65'044	5.8	ZAF	93	MFN	76
	Propene (propylene)	290122	0.0	58'022	5.1	LBY	100	Duty free	
ERI	Wheat or meslin flour	110100	2.0	18'567	20.9	EGY	100	0.4	76
	Other Structures and Parts, of Iron or Steel	730890	2.0	3'406	3.8	ZAF	100	MFN	76
	Other manufactured tobacco and substitutes	240310	25.0	2'916	3.3	EGY	100	5.0	76
	Sunflower-seed	151211	10.0	2'312	2.6	EGY	100	2.0	76
	Pasta	190219	10.0	2'090	2.3	EGY	100	2.0	76
ETH	Petroleum oils	271019	1.7	92'740	38.9	SDN	94.3	0.33	100
	Urea (fertilizer)	310210	0.0	18'411	7.7	LBY	100	Duty free	
	Mixtures of odoriferous substances as raw materials for industry	330210	15.0	13'239	5.6	SWZ	93.3	13.5	93.9
	Motor cars	870333	17.5	12'501	5.2	ZAF	99.8	MFN	46
	Petroleum coke, bitumen	271311	5.0	11'042	4.6	SDN	100	1.0	100
KEN	Flat-rolled products of iron/non, hot-rolled	720839	0.0	83'715	5.9	ZAF	100	Duty free	
	Raw cane Sugar (solid form)	170111	35.0	70'107	4.9	EGY	77	0.0	76
	Other cane or beet sugar (solid form)	170199		65'935	4.6	ZAF	52.3	.	
	Mixtures of odoriferous substances as raw materials for industry	330210	10.0	46'219	3.3	SWZ	95.5	MFN	76
	Semifinished products of iron or non-alloy steel	720711	0.0	45'886	3.2	ZAF	99.8	Duty free	
LBY	Milled rice	100630	0.0	164'763	13.2	EGY	100	Duty free	
	Co-axial Cable	854420	0.0	69'553	5.6	EGY	100	Duty free	
	Plates, sheets and strips of refined copper	740911	0.0	66'011	5.3	EGY	100	Duty free	
	Winding Wire of Copper	854411	0.0	50'449	4.1	EGY	100	Duty free	
	Glazed Ceramic Tiles, Cubes	690810	0.0	45'231	3.6	EGY	100	Duty free	
LSO	Petroleum oils	271000		79'244	6.2	ZAF	100	.	
	Soya-bean oil	150710	10.0	27'501	2.2	ZAF	100	0.0	76
	Natural Gas (Liquefied)	271111	0.0	23'277	1.8	ZAF	100	Duty free	
	Maize (Corn) Flour	110220	0.0	21'843	1.7	ZAF	100	Duty free	
	Parts & access for motor vehicles	870899	8.3	20'283	1.6	ZAF	100	0.0	76
MDG	Wheat or meslin flour	110100	5.0	22'589	5.5	EGY	65.2	0.0	69.2
	Raw cane Sugar (solid form)	170111	5.0	14'995	3.7	ZAF	66	0.0	64.7
	Reservoirs with or without thermal equipment	730900	5.0	11'481	2.8	ZAF	100	0.0	44
	Yarn of Carded Wool	510610	0.0	10'407	2.5	MUS	100	Duty free	
	Petroleum oils	271019	0.0	9'889	2.4	SYC	53.5	Duty free	
MOZ	Electrical energy	271600	0.0	157'427	11.5	ZAF	100	Duty free	
	Petroleum oils	271019	6.2	99'903	7.3	ZAF	51.2	2.5	76
	Light petroleum oils & preparations	271011	5.7	82'036	6.0	ZAF	83.6	0.0	76
	Diesel powered trucks with a GVW <= 5 tonnes	870421	5.0	48'869	3.6	ZAF	99.7	MFN	76
	Frozen fish (Tilapia, Mullet , Monkfish)	030379	10.0	29'932	2.2	NAM	54.2	0.0	76
MUS	Coal	270119	0.0	74'478	14.5	ZAF	100	Duty free	
	Cigarettes containing tobacco	240220	0.0	38'589	7.5	KEN	84.8	Duty free	
	Bars & rods, iron & na steel	721420	5.0	24'483	4.8	ZAF	66.4	0.0	100

	Cotton, not carded or combed	520100	0.0	22’290	4.3	ZWE	29.1	Duty free	
	Live bovine animals	010290	0.0	10’190	2.0	ZAF	62.3	Duty free	
MWI	Light petroleum oils & preparations	271011	5.4	177’860	18.0	ZAF	95.8	6.14	0
	Tobacco, partly or wholly stemmed/stripped	240120	26.5	72’740	7.4	ZMB	89	25	87.4
	Cement Clinkers	252310	0.0	35’262	3.6	ZMB	76.5	Duty free	
	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	15.0	28’562	2.9	NAM	63.7	7.5	31
	Urea (fertilizer)	310210	0.0	25’393	2.6	ZAF	62.9	Duty free	
NAM	Motor cars	870323	24.0	343’925	7.6	ZAF	99.2	0.0	76
	Light petroleum oils & preparations	271011	5.0	233’901	5.2	ZAF	99.8	0.0	76
	Other medicaments	300490	0.0	75’467	1.7	ZAF	99.8	Duty free	
	Raw cane Sugar (solid form)	170111	0.0	73’656	1.6	ZAF	100	Duty free	
	Parts & access for motor vehicles	870899	8.3	57’062	1.3	ZAF	99.7	0.0	76
RWA	Portland Cement (excl. white)	252329	55.0	50’301	10.3	UGA	86	0.0	97.8
	Palm Oil (other than crude)	151190	14.0	30’227	6.2	UGA	73.2	0.0	80.1
	Petroleum oils	271019	5.8	28’163	5.7	ZAF	68	MFN	16
	Raw cane Sugar (solid form)	170111	35.0	23’915	4.9	UGA	42.7	0.0	71
	Vegetable Fats and Oils	151620	25.0	14’684	3.0	UGA	88.1	0.0	97.8
SDN	Black tea	090240	10.0	47’281	7.3	KEN	97.9	0.0	
	Prefabricated Buildings	940600	20.0	45’441	7.0	EGY	44.5	0.0	1.4
	Coffee	090111	25.0	25’145	3.9	UGA	97.7	5.0	
	Other flat-rolled products of iron/non, hot-rolled	720890	40.0	19’853	3.1	EGY	100	0.0	22
	Portland Cement (excl. white)	252329	25.0	19’684	3.0	EGY	100	0.0	4.3
SWZ	Petroleum oils	271000		142’364	13.2	ZAF	100	.	
	Maize (Not Seed)	100590	0.0	45’535	4.2	ZAF	100	Duty free	
	Mixtures of odoriferous substances as raw materials for industry	330210	0.0	14’804	1.4	ZAF	100	Duty free	
	Preparations for animal feeding	230990	4.7	11’385	1.1	ZAF	100	0.0	76
	Wheat and meslin	100190	0.0	11’364	1.1	ZAF	100	Duty free	
SYC	Wood sawn or chipped lengthwise	440710	0.0	3’575	3.2	MUS	49.2	Duty free	
	Wheat or meslin flour	110100	0.0	2’864	2.6	MUS	98.9	Duty free	
	Mechanical Shovels	842959	0.0	2’727	2.4	MUS	83.2	Duty free	
	Sailboats	890391	0.0	2’398	2.1	ZAF	79.6	Duty free	
	Sparkling Wine	220410		2’381	2.1	ZAF	97	.	
TZA	Petroleum oils	271019	5.8	172’257	14.1	ZAF	77	0.0	76
	Flat-rolled products of iron/non, hot-rolled	720839	0.0	59’610	4.9	ZAF	99.4	Duty free	
	Light petroleum oils & preparations	271011	0.0	42’344	3.5	ZAF	82.8	Duty free	
	Diesel powered trucks with a GVW <= 5 tonnes	870421	12.5	32’019	2.6	ZAF	92.6	0.0	76
	Mixtures of odoriferous substances as raw materials for industry	330210	10.0	28’965	2.4	SWZ	91.5	0.0	76
UGA	Portland Cement (excl. white)	252329	25.0	69’853	7.6	KEN	100	0.0	76
	Petroleum oils	271019	5.8	55’472	6.0	KEN	78.3	0.0	76
	Flat-rolled products of iron/non, hot-rolled	720839	0.0	35’085	3.8	ZAF	99.6	Duty free	
	Bars and rods, hot-rolled, of iron/non-alloy steel	721391	0.0	27’597	3.0	ZAF	100	Duty free	
	Other cane or beet sugar (solid form)	170199		21’640	2.4	ZAF	90.1	.	
ZAF	Crude oil from petroleum and bituminous	270900	0.0	1’993’400	56.5	AGO	98.6	Duty free	
	Nonindustrial Diamonds	710231	0.0	252’079	7.1	BWA	58.9	Duty free	
	Electrical energy	271600	0.0	215307	6.1	MOZ	100	Duty free	
	Natural Gas (Liquefied)	271111	0.0	174949	5.0	MOZ	100	Duty free	
	Wire of Refined Copper	740811	0.0	94435	2.7	ZMB	99	Duty free	
DRC	Light petroleum oils & preparations	271011	10.0	112630	6.4	ZAF	97	MFN	
	Wheat or meslin flour	110100	10.0	60748	3.5	TZA	60.1	MFN	
	Portland Cement (excl. white)	252329	20.0	57861	3.3	ZMB	55.5	MFN	
	Raw cane Sugar (solid form)	170111	20.0	49791	2.8	ZMB	94.8	MFN	
	Other Structures and Parts, of Iron or Steel	730890	10.0	47948	2.7	ZAF	94.9	MFN	
ZMB	Copper Ores and Concentrates	260300	0.0	620454	18.4	DRC	100	Duty free	
	Cobalt Ores and Concentrates	260500	0.0	219704	6.5	DRC	99.9	Duty free	
	Refined copper: Cathodes	740311	15.0	199266	5.9	DRC	100	0.0	95
	Cobalt oxides and hydroxides	282200	0.0	176312	5.2	DRC	100	Duty free	
	Petroleum oils	271019	21.9	55325	1.6	ZAF	82.7	4.38	95
ZWE	Nickel mattes	750110	5.0	590897	10.6	ZAF	74.6	0.0	77
	New stamps; stamp-impressed paper; cheque forms; banknotes	490700	5.0	558758	10.0	ZAF	100	0.0	77
	Petroleum oils	271019	13.8	309914	5.6	ZAF	72.9	7.34	77
	Gold in Other Semi-manufactured Forms	710813	15.0	287177	5.1	ZAF	100	0.0	77
	Nickel Ores and Concentrates	260400	5.0	269795	4.8	ZAF	100	MFN	77

Table 13 : TFTA Members - Trade and Tariffs Data Status

TFTA Member	Codes			Trade Data			Tariffs Data			Preference Utilization Data	
	UN Code	ISO2	ISO3	Source	Year	Notes	Source	Year	Notes	Source	Notes
Angola	024	AO	AGO	CMT	2010	Mirror flows	TRN	2009	Missing pref. rates		Missing
Botswana	072	BW	BWA	CMT	2010		TRN	2011		COE	Assumed: 76%
Burundi	108	BI	BDI	CMT	2010		COMS	2010		**COMS**	**Actual data, NL level**
Comoros	174	KM	COM	CMT	2010	Mirror flows	COMS	2010		COE	Assumed: 76%
Congo, Democratic Republic	180	ZR	ZAR	CMT	2010	Mirror flows	TRN	2009	Missing pref. rates		Missing
Djibouti	262	DJ	DJI	CMT	2009		COMS	2010		COE	Assumed value: 76%
Egypt	818	EG	EGY	CMT	2010		COMS	2010		COM-SB	Estimated value: 76%
Eritrea	232	ER	ERI	CMT	2010	Mirror flows	TRN	2006		COE	Assumed value: 76%
Ethiopia	231	ET	ETH	CMT	2010		COMS	2010		**COMS**	**Actual data, NL level**
Kenya	404	KE	KEN	CMT	2010		COMS	2010		COE	Assumed value: 76%
Lesotho	426	LS	LSO	CMT	2009		TRN	2011		COE	Assumed value: 76%
Libya	434	LY	LBY	CMT	2010	Mirror flows	TRN	2006	Missing pref. rates		Missing
Madagascar	450	MG	MDG	CMT	2010		COMS	2010		**COMS**	**Actual data, NL level**
Malawi	454	MW	MWI	CMT	2010		COMS	2011		**COMS**	**Actual data, NL level**
Mauritius	480	MU	MUS	CMT	2010		COMS	2010		**COMS**	**Actual data, NL level**
Mozambique	508	MZ	MOZ	CMT	2010		TRN	2010		COM-SB	Estimated value: 76%
Namibia	516	NA	NAM	CMT	2010		TRN	2011		COE	Assumed value: 76%
Rwanda	646	RW	RWA	CMT	2011		COMS	2010		**COMS**	**Actual data, NL level**
Seychelles	690	SC	SYC	CMT	2008		TRN	2007	Missing pref. rates		Missing
South Africa	710	ZA	ZAF	CMT	2010		TRN	2011		COE	Estimated values: 90% (SACU, EU, EFTA), 76% (SADC)
Sudan	736	SD	SDN	CMT	2009		COMS	2010		COMS	Actual data, NL level
Swaziland	748	SZ	SWZ	CMT	2007		TRN	2011		COE	Assumed value: 76%
Tanzania	834	TZ	TZA	CMT	2010		TRN	2011	Incomplete pref. rates (missing SADC)	COE	Assumed value: 76%
Uganda	800	UG	UGA	CMT	2010		TRN	2011		COM-SB	Estimated value: 76%
Zambia	894	ZM	ZMB	CMT	2010		TRN	2011		COM-SB	Estimated value: 95%
Zimbabwe	716	ZW	ZWE	CMT	2010		TRN	2007		COM-SB	Estimated value: 77%

Source: TradeMark Southern Africa, Trade Negotiation Capacity Building: Training Modules