Table 10 - Share of ECOWAS LDCs' extra-ECOWAS imports from selected African countries and customs unions

ECOWAS Import from..	ECOWAS total	ECOWAS non LDCs	ECOWAS LDCs	Share LDCs
Morocco	708,216	383,550	324,666	46%
Egypt	240,954	171,261	69,693	29%
EAC	47,472	41,334	6,138	13%
SACU	1,393,176	963,937	429,239	31%

Source: calculations based on import data from ITC TradeMap, average 2015-2017 (USD Thousands)

Table 11 – Share of EAC LDCs' extra-EAC imports from Africa

EAC imports from	EAC total	EAC non LDC (Kenya)	EAC LDCs	Share LDCs
Africa	4,690,385	1,614,284	3,076,101	66%
EAC	2,309,484	442,041	1,867,442	81%
Extra-EAC imports	2,380,901	1,172,243	1,208,659	**51%**

Source: calculations based on import data from ITC TradeMap, average 2015-2017 (USD Thousands)

case of the EAC, the share of LDC imports from African countries in total imports from African countries (excluding EAC trade) was 51%. (See Table 11.)

- *Allow a longer implementation period for some but not all tariff lines for countries in the customs union, for tariff lines of particular interest to LDCs.* A midway solution between either the short non-LDC vs the longer LDC implementation period for all tariff lines is to allow the longer LDC implementation periods for some tariff lines. These tariff lines should be of particular interest to LDCs in the customs union. The challenge is how to objectively identify which tariff lines are 'of particular interest to LDCs' as well as achieving agreement on the number of tariff lines and/or trade involved for which the longer implementation period would apply.

- *Allow for certain carve-outs that apply to LDCs within the customs union.* LDCs could agree to a shorter transition period (i.e. 5 years for Non-Sensitive Products) provided that they receive something in return. For instance, several LDCs within ECOWAS maintain charges equivalent to import tariffs on oil imports, which should be eliminated pursuant to the AfCFTA Agreement. However, agreement could be reached for them to maintain such charges.

- *Allowing reciprocity in timeframes for implementation between negotiating partners.* For instance if ECOWAS offers a 10 year implementation period for Non-Sensitive Products, negotiating partners (e.g. SACU or Egypt) could offer the same to ECOWAS (10 years instead of 5). This option might lead to implementation issues if the other negotiation partner would continue to apply a 5 year implementation period for imports from other African origins. At the same time, it could be argued that some negotiating partners have gained some experience in the application of other preferential trade agreements, within and outside the continent.

5.3 The process of negotiations

At present, there are some aspects relating to the process of negotiations that would need to be considered:

- <u>To whom initial offers are made.</u> Offers could be made with respect to

  ♦ All African countries (other than the countries belonging to the customs union, if the offer is made by a customs union)

  ♦ All African countries that have ratified the AfCFTA

  ♦ All African countries with whom there is no existing preferential agreement

  ♦ Differentiated offers by customs unions / regions or countries, depending on the sensitivities involved. For instance, sugar from a country with competitive producers might be sensitive and could be excluded from liberalization. Nonetheless, sugar could be liberalized for countries with less competitive producers, or having no or limited sugar production.

- <u>The extent to which offers should be made public and/or timing of offers.</u> For instance, in bilateral negotiations, the initial offers might be exchanged at (around) the same time.

- <u>Whether tariff preferences agreed in bilateral negotiations after tabling the initial offer should be offered to all within the AfCFTA?</u> For instance, if Kenya (EAC) requests South Africa (SACU) to move a product from the exclusion list to the non-sensitive or sensitive list (i.e. tariff will be eliminated for that product) and South Africa (SACU) would agree, could other African countries enjoy such preference? The MFN clause contained in Article 18 of the Agreement establishing the AfCFTA (see Section 4 above) suggests that this is not the case. This implies that the final tariff offer will apply between SACU and EAC, not between SACU and all other African countries, or between EAC and all other African countries.

- <u>How to measure the compliance with the modalities.</u>