

TRADECOM II | BUILDING ACP TRADE CAPACITY

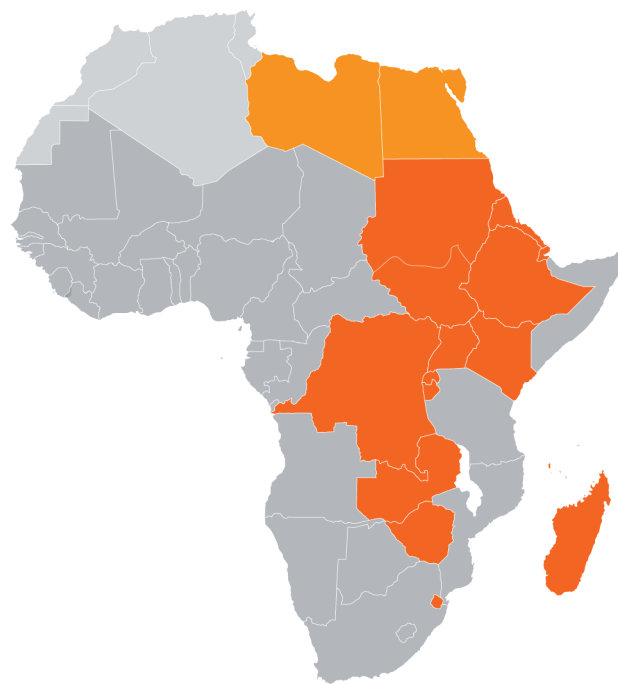
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Trade and Investment opportunities with Emerging Market Economies



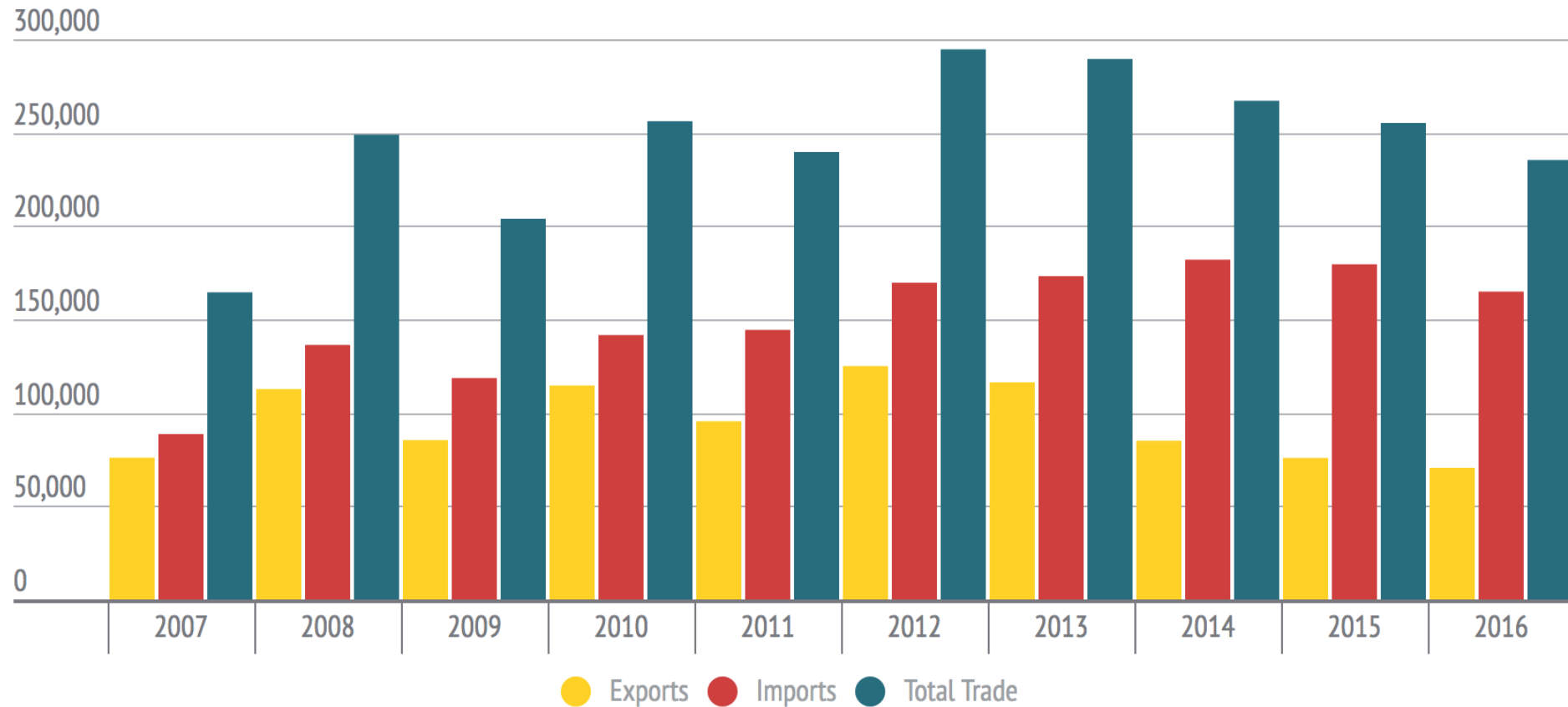
ZEREZGHI K KIDANE
Senior Customs Affairs Officer
COMESA Secretariat

COMESA



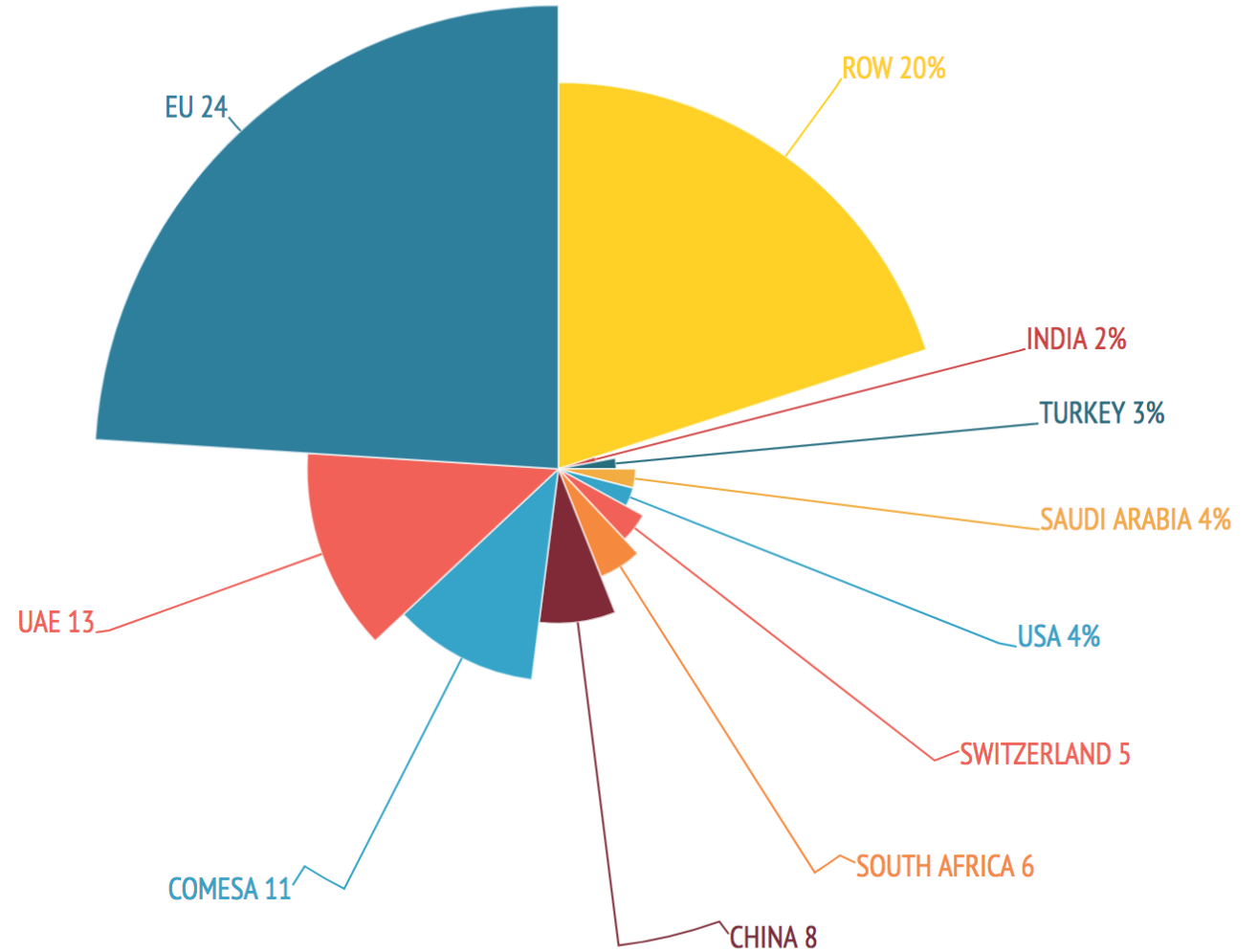
- The main objective of COMESA is promoting trade and investment among its Member States (MSs) as well as with third countries
- The focus is on formation of a large economic-trading unit capable to overcome the barriers faced by small individual states.
- COMESA's strategic objective is to achieve economic prosperity through regional integration via:
 - trade liberalization in goods and in services sectors;
 - enhancing attractiveness to investment; and
 - improving infrastructure development.

Global COMESA Trade 2007–2016



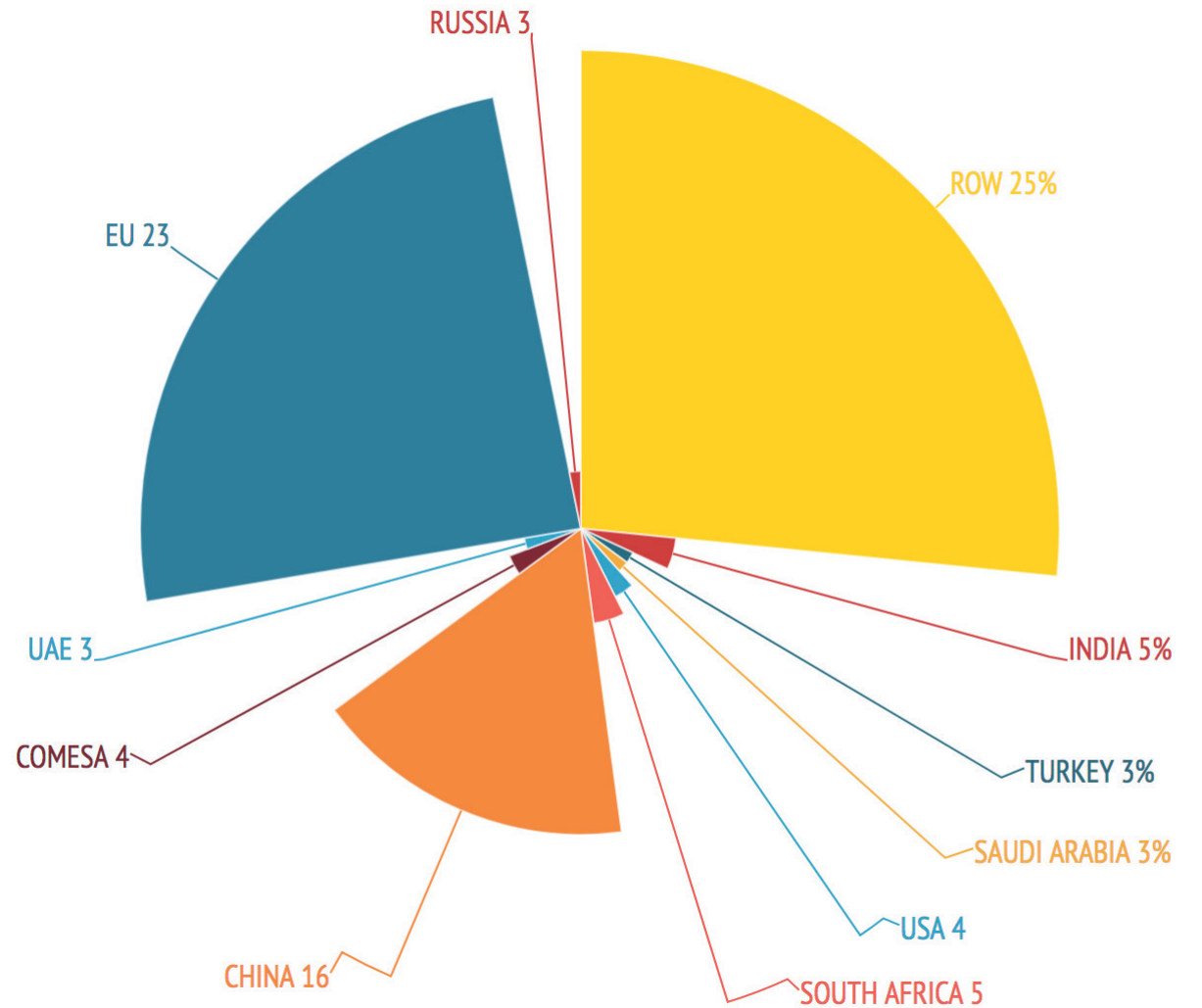
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Key Export Market Shares 2016



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Key Import Market Shares 2016



Outputs of the ongoing Cooperation

- COMESA works with development partners (TradeCom I since 2012) on the identification of options for implementing CETP with respect to relations with 3rd parties
- The cooperation focused on identifying the main 'offensive' strategies in the promotion of exports
- COMESA is also working with various development partners mainly with EU.
- The current regional activity under TradeCOM II is in developing a regional strategy to overcome existing obstacles and to seize opportunities for COMESA MSs to meaningfully engage with the emerging economies.
- The developed a draft strategy aims to specify the type and the scope of engagement(s) in the area of trade and investment.
- The Strategy is based on the findings of the diagnostic study under the TradeCOM II Cooperation agreement with the view to Identify the trade and investment opportunities with Emerging Economies).
- The draft strategy needs to go through the COMESA technical consultative meetings before it is set for its adoption by Council.

Challenges in exploiting opportunities

- 1 Limitations in :**
 - ↘ value addition in COMESA MS;
 - ↘ diversification of export products;
 - ↘ skilled, semi-skilled labor in COMESA MS limit full seizure of export and investment opportunities;
 - ↘ supply of inputs and capital goods used in the construction sector, leads to importation of such construction materials from abroad;
 - ↘ investment capacity (capital) to take advantage of the EME main FDI attraction sectors are secondary and tertiary sectors.
- 2 Weak communications/ infrastructure** which limit COMESA MS from taking advantage of the existing markets.
- 3 Low productivity** of COMESA MSs limits quantities supplied.
- 4 High production/trade transaction costs** which limits competitiveness of COMESA MS in the EME markets, even where they have preferential market access.

Challenges in exploiting opportunities

- 5 Main investment attraction sectors are the **primary sectors** (metal, agriculture), which create relatively less jobs as compared to **secondary** (manufacturing) and **tertiary** (services).
- 6 **Market access** challenges for agricultural exports in BRICS, in these markets are on MFN bases with high tariffs.
- 7 The **existing trading arrangements** with most of the EMEs are **unilateral and partial**.
- 8 Most of the **Bilateral Investment Cooperation Agreements** signed between specific EMEs and COMESA MSs are **not in force**.

The way forward

Finalise the draft strategy to exploit the identified opportunities

- 1** Prepare COMESA/MSs to exploit the identified trade and investment opportunities to their benefit in the Emerging Economies.
- 2** Facilitating seizure of trade potential:
 - Addressing supply-side constraints
 - Enhancing EMEs market access
 - Enhancing utilization of China LDC Scheme;
 - Negotiate FTAs with EMEs.
- 3** Facilitation of Investments through fostering open and predictable environment in both COMESA MSs and EMEs
 - Review, repeal and implement the current Bilateral Investments Treaties
 - Negotiate (review) bilateral investment agreements
 - Negotiate Framework Investment Agreements with various EMEs
 - Cooperation through treaties with investment provisions
 - Negotiate development cooperation agreement with China
- 4** **Monitoring and evaluation (M&E)**
M&E of implementation of this framework strategy will be undertaken at both regional and at national levels