



Regional Trade Facilitation Programme

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## COMESA or SADC - Which way to Jump?

Over the last few months there have been statements made by various people in government that Zambia will soon make a choice between COMESA and SADC.

The question that may spring to mind is why does Zambia need to make a choice? Zambia has been a member, indeed, a founder member (even chief architect some would say) of both organisations since their inception and through their respective transformations. It also begs the question – given the fact that both organisations are controlled by their Member States, how can Zambia, as a Member State, not be happy with the agenda of either regional organisation? What has changed over the years?

What has changed is that Member States of both COMESA and SADC, including Zambia, have made plans for both organisations to become customs unions, COMESA in 2008 and SADC in 2010. Countries belonging to both organisations, of which there are nine, seem to have ignored that fact that no country can belong to more than one customs union. The reason for this is that a minimum requirement of a customs union is a common external tariff, meaning that all countries belonging to a customs union must have the same external tariff as all other countries in that customs union. If Zambia and South Africa become members of a SADC customs union then Zambia will have the same tariffs as South Africa and no tariffs will exist between South Africa and Zambia. Similarly, if Zambia and Kenya become members of a COMESA customs union then Zambia will have the same external tariffs as Kenya and no tariffs will exist between Zambia and Kenya.

It would, therefore, seem to be more sensible to ask the question as to whether Zambia should belong to a customs union and, if it did, what would be the implications on the private sector and government revenue of joining one or other customs union.

At the last SADC Heads of State meeting South Africa suggested that, rather than striving towards a customs union, SADC should put more effort into making the Free Trade Area work more efficiently. Other countries did not support this position so the course to two customs unions was set.

But what is the government asking to choose between? Is it a choice between the COMESA and SADC customs union? In which case perhaps someone could explain what these two customs unions will look like so that a rational choice can be made. Neither customs union has been fully designed - neither customs union has an agreed common external tariff, which, as is said above, is the minimum requirement of a customs union. For a customs union to deliver benefits to the private sector there needs to be free circulation of goods within a customs union. Neither COMESA nor SADC have plans to have free circulation of goods any time soon. So, what is the choice between – at the moment between two hypothetical customs unions. If Zambia backs the wrong horse it will not be party to the design of the other customs union so its interests will not be included.



If the choice is between membership of COMESA and SADC as organisations there are political and economic implications. It is a fact that regional trade has expanded as a result of the COMESA and SADC Free Trade Areas. Tanzania withdrew from COMESA and now the private sector is lobbying government to rejoin COMESA as it faces full tariffs into COMESA countries and Tanzania's exports have suffered.

Belonging to SADC and COMESA has a number of non-trade benefits – the SADC power pool, the COMESA PTA Bank and Re-insurance agency, the SADC trans-boundary wildlife parks, the COMESA common investment area, not to mention intangible benefits such as Heads of State and Government meeting on a regular basis to discuss issues of peace and security and international affairs. It is true that these programmes and institutions can all be improved but this cannot be done outside looking in and it is difficult to understand why Zambia would willingly withdraw from these programmes when it has spent years planning them. It should now be looking to reap the benefits of this hard work not handing over the benefits to other countries which are relative new-comers to the integration process.

What are the costs of being members of both COMESA and SADC? The costs are mainly in duplication of effort. This could easily be resolved by the Member States of COMESA and SADC by them taking charge of the agendas so that they ensure little or no duplication. The reality is that there is little coordination in Zambia between officials who attend SADC meetings and those who attend COMESA meetings. This is why there is overlap of programmes.

In conclusion, government may need to more clearly explain why it considers it necessary to choose between COMESA or SADC; what it is choosing between; what are the expected benefits; what are the expected costs; and whether there is not a better way to rationalise our regional organisations.

Government seems to be putting unnecessary pressure on itself to take a decision which cannot be taken in a rational way as all the facts are still not available.

