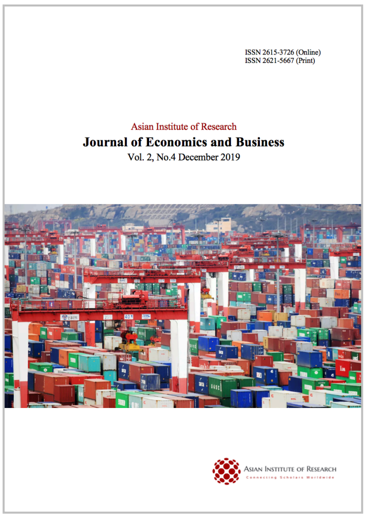

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The AfCFTA is a Lightning Rod for Regional Integration and Free Trade

Kennedy Osoro[1]

[1] Senior lecturer school of economics, University of Nairobi, Kenya. Email: Osoro.kennedy@yahoo.com, osoro_kennedy@uonbi.ac.ke

Abstract
This paper looks at the construction of tariff band structure and linear cut of the AfCFTA countries. AfCFTA symbols a different landmark on the road to deeper regional integration and the pursuit for well-built and prolonged growth, which the extensive nature will transform businesses especially small and medium-sized enterprises (SMEs), traders and consumers because of the removal of tariffs, and non-tariff barriers by 2025 for developing countries ,2030 for LDCs and 2045 for the six countries. The agreement commits countries to removing tariffs on 90 percent on inclusion list after 5 and 10 years for the non LDCs and LDCs in that order, while the remaining 10 percent of sensitive items to be phased out after 10 and 13 years for developing and non LDCs respectively on 7% for sensitive list and 3% for exclusion list. Thus the AfCFTA may make global trade regime either to become stronger or to remain under attack from a membership of 55 less one (Eritrea) highly diverse countries of Africa. Further, the AfCFTA aims to preserve existing regional economic communities as building blocs. With regard to disposition toward trade liberalization COMESA and SADC countries show much more likelihood and stand to liberalize faster than the ECCAS, UMA and ECOWAS countries. This can be done through an equal annual reduction of 20 percent to all tariffs above 5 percent over 5 years for the developing countries and 10 percent equal annual deductions for 10 years for LDCs.

Keywords: AfCFTA Building Blocks and Stumbling Blocks, Tariff Band and Linear Cut

Introduction

The world is now watching Africa for having demonstrated the most positive attitude to regional integration without political motives or mischief interpreted. We can't read any malice or behind the scene forces into the formation of the AfCFTA. They have opened up for Trade and Development as secondary to political or security goals and they will be used as a tool rather than a scheme of the uppermost, being driven by political will as a crucial component in the whole process without which, little progress will be made.

This country Africa trades very little with itself, she has a history particularly affected by geographical fragmentation, weak institutional, policies, climatic changes, infrastructural challenges, remoteness, poverty, diseases and low skills development. There are 55 sovereign states in Africa that have a broad range of languages, economic and social diversities. Many of these countries have very small economies, each country has four neighbours, whereby 15 countries are landlocked, and 33 out 47 least developed countries in the world are in Africa. Economic integration through the AfCFTA would tolerate the small economies to benefit from the scale of a combined market and impetus to flexibility by leveraging on widespread capacities to counter to individual weaknesses.

Africa will now compete with other members regional trade areas of the world through the AfCFTA, following the footprints, imitating their structures and purpose right from the much older EU and NAFTA, Association of East Asian Nations (ASEAN) to the Common Market of the South (MERCOSUR) among others. Thus the impact of 54 AfCFTA countries will undoubtedly shape the future of globalization.

AfCFTA will most likely take the model described by theory of moving from FTA, to Custom unions, to Common markets, to Economic unions. It has the ability to lessen regional economic threats in order to expand the importance of the particular countries whose individual trade would be infinitesimal to the economies of other RTAs. The AfCFTA Nation-states should be feeling confident walking the course together than going it alone.

Thus, the main forces behind the AfCFTA impetus are the lessons from WTO's Doha Round negotiations stalemate, the need to substantially revamp African towards the EPAs, AGOA and emerging economies from the South, like China, India and Brazil among others.

This paper presents a brief review of the progress of AfCFTA that will start trading in 2020 and highlights of some issues, which remain as stumbling blocs on the way to full liberalisation. The paper also tries to elaborate on tariff band strategy to arrive at the 100% annual tariff cut

The AfCFTA building blocks and stumbling blocks

Regionalism can be either a stumbling bloc or a building bloc when there are asymmetries in endowments or costs (Saggi and Yildiz 2009). With the stalemate at the WTO negotiation (Doha round), the gains from AfCFTA will be so large to the member states and it will benefit both outsiders and country members. This is why the 54 African countries found it important to have to some extent a unified voice of purpose in Niamey when they endorsed the AfCFTA.

The African Continental Free Trade Area (AfCFTA) building blocks are the existing and future Regional Economic Communities (RECs),Tripartite and the initiatives of the African Union like the Action Plan on Boosting Intra-Africa Trade (BIAT) ,Framework for fast-tracking of a Continental Free Trade Area, the agreements of coordinating and harmonising policies, the Action Plan for Accelerated Industrial Development of Africa (AIDA), the Programme of Infrastructure Development in Africa (PIDA) and the Minimum Integration Programme (MIP) ,the absence of Doha /WTO talks and Agenda 2063.

The stumbling block is whether the RECs who would have agreed to cut MFN tariffs prior to the AfCFTA will still agree to cut them after the AfCFTA was signed and if AU member can provoke nationalistic feelings of the 1960s. Of interest is the silent stumbling block which needs to be accommodated in the negotiations and after commencement of the AfCFTA in 2020 and that is the Rules of Origin requirements, special interest politics and the power of exporters and import-competitors who are the cause of trade. Nevertheless, their concerns are counteracted as tariffs come down reciprocally with the AfCFTA; since the import-competing sectors get smaller and less powerful in trade policy formulation. Similarly, as trade tariffs reduce, exports increase and political muscles also grow as the access to foreign markets increase. Thus the reciprocal liberalization will reshape the political-economic landscape inside each country in a way that makes the future liberalization stronger. On the other hand the rules of origin must be made straightforward, translucent, business welcoming, unsurprising and easy to get to.

On the pacing of the tariff reduction, some concerns could be raised that the AfCFTA is moving at a faster pace than her old regional trade blocs. On the political front, it can be observed that liberalization come 2020 may be relatively easier than the last two years of achieving full liberalization because the impact of revenue loss and flooding of cheap products from other countries will be felt. The sectors left to be liberalized at the later stages are either politically sensitive like agriculture or are highly protected in the past. Thus there would always be pressures for a delay or for extension or status quo of the protection on said sectors or others would want higher protection

Acceleration of the AfCFTA

AfCFTA remains a lightning rod for political opinions about regional integration, globalisation and free trade. The treaty which was to be entered into force by the AU members in December 2017 but put forward to march 2018 and Africa become the largest free market in the world. AU countries have agreed to remove tariffs on more than 90 percent of products within 5 and10 years. On that spirit AfCFTA will promote peace by promoting trade and investment, make life easier for poor majority Africans, build confidence in the continent, handle disputes constructively, raise incomes and stimulate economic growth, above all realize the spirit of envisioned Pan-Africanism and end discrimination implanted by outsiders among all participating countries.

The AU Heads of State and Government agreed to establish AfCFTA with the objective of increasing the region's competitive advantage with the world market. The AfCFTA must begin as a catalyst for efficiency, long-term competitiveness, expand intra-regional trade and give the AU consumers a variety of choices and better-quality consumer products. Of course, the necessary entry and exit take time, and indeed most liberalisations are phased in over many years. Six member countries were allowed reservation on the 85% instead of 90% liberalization but it's achievable though at a longer period than others. It is thus the time dimension that may lead to the uninterrupted, harmonized nature of the AfCFTA.

So, the setting of a quantitative target for the overall product and trade coverage of 85% and 90% for LDCs and non LDCs meet formally the WTO-compatibility test as well give the impression that Africa can do and is able to show the world that liberalization is the way under AfCFTA as well as an inducement to the REC members to undertake at least an equivalent degree of market opening internally.

The negotiations towards the establishment of this African mega-FTA were officially launched in June 2015 with the objective of concluding them by the end of 2017, but where eventually in Kigali march 2018. Seven meetings of the AfCFTA Negotiating Forum (AfCFTA-NF), the AfCFTA dedicated negotiating body, were held since then, with the last one in July in Niamey, Niger 2019.

In the nutshell, Africa having been ignored for so many years, now it is one of the fastest-growing regions in the world and, a market that no major trading nation can ignore. The scope of liberalization/exclusion is now determined, and the speed of liberalization has been agreed to be of 5 and 10 years. That means in its simplest form, all base rates, whatever the level, can be subject to an equal annual reduction over the 5 years for developing countries and 10 years for LDCs.

AfCFTA TARIFF LIBERALISATION STRATEGY-low hanging fruits

Zero MFN, blanks and nuisance tariffs.

AfCFTA tariff liberalization for some countries will be faster than others, especially the one who shall be wise and ambitious, to go in for the low hanging fruits with the agreements in force and trade commencing in 2020. These include zero MFN lines, the blank lines as well as low rates (nuisance tariffs) of below 3 per cent. But because the concentration rate in all AU countries starts at 5 percent and above it is paramount and ambitious too, to immediately eliminate tariffs below 5 percent (4-5%) come 2020 and treat them as nuisance. This sounds farfetched, but it might be the best way forward for the AfCFTA to accelerate liberalization process to allow Africa to boost its bargaining power in the world trade and negotiation as well as avoid having her exports face discrimination in outside markets.

Nuisance tariffs are the ones regarded to be so low that it costs the government more to collect than the revenue they generate. They range from 0-3 percent. The quickest strategy to liberalise could include scrapping all tariffs below 5% which can be regarded as a nuisance because they generate little benefits. Thus for the AfCFTA tariffs below 5% will be very ideal to be liberalized come 2020 when trading starts because they comprise of a negligible percentage of the product line, as shown in Table1.

Table 1. ZERO MFN, BLANKS AND NUISANCE TARIFFS

MFN RATES				COMESA	COUNTRIES						
%		Burundi	Comoros	Djibouti	Egypt,	Eritrea	Ethiopia()	Kenya	Libya	Madagasc	Mauritius
0		23.97	4.43	0.00	11.37	0.00	2.87	41.20	100.00	6.22	78.12
BLANKS		0.20	0.00	0.00	0.17	0.00	1.51	0.35	0.00	0.00	3.10
0≤5		0.00	0.00	10.93	18.82	26.87	0.99	0.00	0.00	0.62	0.72
	TOTAL	24.17	4.43	10.93	30.35	26.87	5.37	41.55	100.00	6.83	81.94
MFN RATES		Malawi	Rwanda	Sudan	Swaziland	Seychelle	Uganda	Congo, DR	Zambia	Zimbabwe	
0		27.36	15.78	6.88	53.00	87.98	26.19	0.15	21.46	16.09	
BLANKS		0.00	0.39	0.25	2.06	0.36	0.44	0.02	0.00	13.71	
0≤5		0.40	0.00	6.04	1.93	0.10	0.00	0.00	0.00	0.27	
	TOTAL	27.76	16.17	13.17	56.99	88.44	26.63	0.17	21.46	30.07	

Source: TRAINS/WITS Latest year

This will lead to over 50 percent of the tariffs abolished immediately when the agreement takes effect for the SACU countries, 20% for EAC countries,20% for the majority of COMESA, 3% for the majority of ECOWAS and 2% of ECCAS countries. The greatest beneficially of this strategy will be Mauritius with 81.9% and Seychelles with 88.4%, while Kenya has 41.5%, Nigeria 2.83%, South Africa 50.1%, Egypt 30.4% and Zimbabwe 30 % line liberalized immediately. The remaining tariffs of 5% and above can be targeted for gradual elimination of 5 and 10 years for developing and LDCs respectively, to achieve the ambitious agreement, of opening new trade and investment opportunities for African countries.

Table 2. Zero MFN, blanks and nuisance tariffs

		SADC	COUNTRIES								
COUNTRIES		Angola	Botswana	CONGO DI	Lesotho	Mozambic	Namibia	South Afri	Tanzania	Madagasc	Mauritius
MFN RATES		%	%	%	%	%	%	%	%	%	%
0		0.25	50.33	0.15	51.05	2.72	53.03	46.10	28.99	6.22	78.12
BLANKS		0.00	1.46	0.02	2.43	0.42	2.33	1.86	0.42	0.00	3.37
0≤5		44.85	2.06	0.00	2.00	13.48	1.91	2.15	0.00	0.62	0.72
	TOTAL	45.09	53.85	0.17	55.48	16.62	57.27	50.11	29.40	6.83	82.21
		Malawi	Swaziland	Seychelle	Zambia	Zimbabwe					
MFN RATES		%	%	%	%	%					
0		27.36	53.00	87.98	21.46	16.09					
BLANKS		0.00	2.06	0.34	0.00	13.71					
0≤5		0.40	1.93	0.10	0.00	0.27					
	TOTAL	27.76	56.99	88.42	21.46	30.07					

Source: TRAINS/WITS Latest year

Thus, in order to evaluate the level of market access for goods when the AfCFTA comes to force, we first examine RECs tariff concession schedule in Tables 1-4, in terms of the number of tariff lines, belonging to the Early Harvest Program-zero MFN, blank lines and the nuisance. It's clear that serious negotiations will have to be done with ECOWAS countries to make more sacrifices of tariff cuts above 5 percent. Their early harvest level is below 4 percent, except for Liberia, Cape Verde, and the Gambia, which are at 13.23, 19.12 and 9.64 percent in that order. This is way below some countries in COMESA and SADC.

Table 3. Zero MFN, blanks and nuisance tariffs

	ECOWAS	COUNTRIES							
MFN RATES		BENIN	BURKINA I	CAPE VERI	CÔTE D'IV	GAMBIA	GHANA	GUINEA	GUINEA BI	LIBERIA
0		2.42	2.46	15.59	2.36	9.64	1.61	4.80	2.69	0.00
BLANKS		0.00	0.00	0.00	0.00	0.00	0.19	0.32	0.00	6.02
0≤5		0.00	0.00	3.53	0.00	0.00	0.04	0.28	0.00	7.21
	TOTAL	2.42	2.46	19.12	2.36	9.64	1.84	5.40	2.69	13.23
MFN RATES		MALI	NIGER	NIGERIA	SENEGAL	SIERRA LE(	TOGO	MOROCCO		
0		2.02	3.29	2.83	2.64	0.40	3.12	0.00		
BLANKS		0.00	0.00	0.00	0.00	0.65	0.00	0.00		
0≤5		0.00	0.00	0.00	0.00	0.28	0.00	0.37		
	TOTAL	2.02	3.29	2.83	2.64	1.34	3.12	0.37		

Source: trains/wits latest year

In terms of the disposition toward trade liberalization COMESA and SADC show much more likelihood and stands to liberalize faster than the ECCAS, UMA and ECOWAS countries.

Table 4. Zero MFN, blanks and nuisance tariffs

			ECCAS COUNTRIES								
MFN RATES		CONGO	CHAD	CENTRAL /	GABON	CONGO DI	BURUNDI	RWANDA	GUINEA	CAMEROON	
0		2.28	1.31	1.91	3.94	0.13	23.97	15.78	4.80	1.62	
BLANKS		0.00	0.84	0.00	0.00	0.02	0.20	0.39	0.32	0.00	
0≤5		0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.28	0.09	
	TOTAL	2.34	2.15	1.91	3.94	0.15	24.17	16.17	5.39	1.71	
		UMA COUNTRIES									
		ALGERIA	Libya	Mauritani	Morocco	Tunisia					
MFN RATES											
0		0.45	100.00	0.00	0.00	17.30					
BLANKS		0.00	0.00	0.00	0.00	0.00					
0≤5		0.05	0.00	0.00	0.37	0.89					
	TOTAL	0.50	100.00	0.00	0.37	18.19					

Source: trains/wits latest year

This can be done through an equal annual reduction of 20 per cent to all tariffs above 5 per cent over 5 years for the developing countries as shown in Table 5. Similarly, the 10 percent equal annual deductions for 10 years can be applied for LDCs as shown in Table 6. This linear method allows reduction to continue until the tariffs are eliminated as well as softening the impact of liberalization.

Table 6. Example of linear formula for African Least Developed Economies-10 years Annual tariff cut

			YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6	YEAR7	YEAR8	YEAR9	YEAR10	CUT %
Djibouti	5≤10	5	4.5	4	3.5	3	2.5	2	1.5	1	0.5	0	0.5
Eritrea	10≤15	10	9	8	7	6	5	4	3	2	1	0	1
Ethiopia	15-20	15	13.5	12	10.5	9	7.5	6	4.5	3	1.5	0	1.5
Madagascar	20-25	20	18	16	14	12	10	8	6	4	2	0	2
Malawi	25-30	25	22.5	20	17.5	15	12.5	10	7.5	5	2.5	0	2.5
Rwanda	30-35	30	27	24	21	18	15	12	9	3	3	0	3
Sudan	35-40	35	31.5	28	24.5	21	17.5	14	10.5	7	3.5	0	3.5
Uganda	40-45	40	36	32	28	24	20	16	12	8	4	0	4
Congo, DRC	45-50	45	40.5	36	31.5	27	22.5	18	13.5	9	4.5	0	4.5
Zambia	50-55	50	45	40	35	30	25	20	15	10	5	0	5

Angola	GAMBIA	TOGO	SENEGAL
Lesotho	GUINEA	CHAD	SIERRA LEONE
Mozambique	GUINEA BISSAU	CENTRAL AFRICA REP.	Burundi
Tanzania	LIBERIA	GABON	Comoros
BENIN	MALI	CAMEROON	CAPE VERDE
BURKINA FASO	NIGER	MAUITANIA	

Source: trains/wits latest year

However, the equal reduction of 20 and 10 per cent can necessitate different effect on different tariff rates, as well as greater percentage points for higher tariff rates e.g. the 60 per cent tariff band for 5 years for EAC countries would need to be reduced by 12 percentage points for Kenya annually and 6 percent for others in 10 years so that they would incur greater effect on import price with greater commercial implications by being reduced to zero.

Eventual Target for AfCFTA: Tariff elimination modalities

Free-trade negotiations must always be the elimination of tariffs, either on entry into force of the agreement or in stages. How this is done depends on the views of the negotiating parties. It is usually possible to reach agreement on phasing where this is necessary. Therefore, the stronger the technique used, the higher the probability that negotiations can be completed successfully.

The 54 AfCFTA Member Countries agreed to working towards the total elimination of import duties on all products to achieve the ultimate objective of the AfCFTA. However, the cuts will be made through phase-ins which are commonly employed but which however, requires caution and slow gradations to avoid cheaper foreign goods of the same kind being poured flooding so fast into the home market which may deprive all at once very many people of employment and means of subsistence. That is why the Phase-ins set by AfCFTA have taken a shorter period (5 years) for developing countries, and 10 years for LDCs, which then requires that these countries have to do it for some products, and will often provide for equal annual cuts during that period. That is why the AfCFTA has adopted the prototype of a modality of linear cut, pursuant to which all tariff lines will be reduced by a specified percentage.

The choice of a modality or Approaches and Techniques to Tariff Reduction depends basically on the objectives sought by the negotiators, which are also dictated by the blessing of launching the negotiations which can be political, practical or even historical considerations. Therefore, the AfCFTA tariff cut is based on 100 percent linear cuts in principle. The 100 percent linear cut applied across-the-board combined with various arrangements for staging, exclusion or limited liberalization as applied to assorted products would accelerate the AfCFTA agreements

Table 5. Example of linear formula for African developing economies-5 year's Annual tariff cut

	AfCFTA	TARIFF ELIMINATION FOR DEVELOPING COUNTRIES-100/5YEARS=20% ANNUALLY						
			YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	ANNUAL CUT %
Libya	5≤10	5	4	3	2	1	0	**1**
E swatini	10≤15	10	8	6	4	2	0	**2**
Seychelles	15-20	15	12	9	6	3	0	**3**
Mauritius	20-25	20	16	12	8	4	0	**4**
Zimbabwe	25-30	25	20	15	10	5	0	**5**
Namibia	30-35	30	24	18	12	6	0	**6**
S. Africa	35-40	35	28	21	14	7	0	**7**
Botswana	40-45	40	32	24	16	8	0	**8**

CÔTE D'IVOIRE	45-50	45	36	27	18	9	0	**9**
Morocco	50-	50	40	30	20	10	0	**10**
CONGO								
Kenya								
Egypt,								

Source: Trains/wits latest year

Thus the linear cut approach, and the speed of annual reduction is basically determined by the length of implementation period. The longer the period, the smaller the annual cuts, and hence slower liberalization. Therefore at all the level of initial tariff, the tariffs are reduced by 20 percent (100%/5years) annually with all tariffs converging to zero rates at year 5, and the pace of reduction is identical across all tariff rates for developing countries, while it is 10% (100%/10) for non LDCs.

Products Covered and Tariff Bindings

The national tariff structures of AU members reveal a wide diversity and Simple average applied tariff rate ranges from 1.47 percent and 2.93 percent for Mauritius and Seychelles respectively to 20.21 percent and 21 percent for Algeria and Sudan in that order.

On the other hand, the bulk of tariff lines concentrate in the tariff 10 and 20 percent for ECOWAS, 10 and 25 percent for EAC, 5 and 40 percent for COMESA, 5 and 20 percent for SADC and 10 and 30 percent for UMA and ECCAS. That shows a large presence of high rates, which are apparently sensitive for economic, revenue and cultural/religious grounds.

Table 7 shows that majority of the countries fall on tariff bands 20-25 and 25-30 percent. As a result, the distribution of national tariff lines by applied tariff rates shows that each individual member country is to meet the threshold target for ambition by cutting the applied tariff rate to zero. As depicted in Tables 8-11, all the countries (whose data is available) must cut into a tariff band in order to achieve the 90 percent ambition.

Table 8: ECOWAS tariff band and the level of ambition-90%

		ECOWAS COUNTRIES														
	BENIN		BURKINA FASO		CAPE VERDE		CÔTE D'IVOIRE		GAMBIA		GHANA		GUINEA		GUINEA BISSAU	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF
0	2.42	2.42	2.46	2.46	15.59	15.59	2.36	2.36	9.64	9.64	1.61	1.61	4.80	4.80	2.69	2.69
BLANK	0.00	2.42	0.00	2.46	0.00	15.59	0.00	2.36	0.00	9.64	0.19	1.80	0.32	5.12	0.00	2.69
0≤5	0.00	2.42	0.00	2.46	3.53	19.12	0.00	2.36	0.00	9.64	0.04	1.84	0.28	5.40	0.00	2.69
5≤10	12.16	14.58	24.68	27.14	13.71	32.82	22.36	24.73	7.99	17.63	26.78	28.62	27.57	32.97	26.64	29.32
10≤15	23.49	38.07	20.68	47.82	11.10	43.92	18.92	43.64	11.04	28.68	21.68	50.30	20.51	53.47	21.27	50.59
15-20	6.69	44.77	6.08	53.90	2.73	46.65	4.30	47.95	0.49	29.16	3.95	54.25	1.63	55.11	3.11	53.71
20-25	51.66	96.43	43.02	96.92	16.86	63.51	50.18	98.12	70.84	100.00	43.47	97.71	44.97	100.07	46.29	100.00
25-30	0.63	97.06	0.38	97.30	0.49	63.99	0.18	98.31	0.00	0.00	0.20	97.91	0.00	0.00	0.00	0.00
30-35	0.00	97.06	0.00	97.30	24.08	88.07	0.00	98.31	0.00	0.00	0.00	97.91	0.00	0.00	0.00	0.00
35-40	3.17	100.23	2.70	100.00	0.12	88.19	1.69	100.00	0.00	0.00	2.09	100.00	0.00	0.00	0.00	0.00
40-45	0.00	0.00	0.00	0.00	8.25	96.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45-10(	0.00	0.00	0.00	0.00	3.58	100.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	LIBERIA		MALI		NIGER		NIGERIA		SENEGAL		SIERRA LEONE		TOGO		MOROCCO	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF
0	0.00	0.00	2.02	2.02	3.29	3.29	2.83	2.83	2.64	2.64	0.40	0.40	3.12	3.12	0.00	0.00
BLANK	6.02	6.02	0.00	2.02	0.00	3.29	0.00	2.83	0.00	2.64	0.65	1.06	0.00	3.12	0.00	0.00
0≤5	7.21	13.23	0.00	2.02	0.00	3.29	0.00	2.83	0.00	2.64	0.28	1.34	0.00	3.12	0.37	0.37
5≤10	44.36	57.59	31.07	33.09	22.84	26.12	29.82	32.65	26.90	29.53	43.34	44.68	25.16	28.27	6.73	6.73
10≤15	10.42	68.00	21.46	54.54	18.37	44.49	19.81	52.46	22.31	51.84	6.41	51.09	18.52	46.79	20.41	27.14
15-20	17.55	85.56	4.85	59.39	5.96	50.45	2.86	55.32	5.92	57.76	2.15	53.24	8.37	55.16	12.79	39.93
20-25	10.92	96.48	38.54	97.93	46.45	96.90	41.27	96.60	38.98	96.74	46.52	99.75	39.49	94.66	6.36	46.28
25-30	3.50	99.98	0.15	98.09	0.37	97.27	0.25	96.85	0.44	97.18	0.16	99.91	0.49	95.15	47.62	93.90
30-35	0.00	0.00	0.00	98.09	0.00	97.27	0.00	96.85	0.00	97.18	0.16	100.06	0.00	95.15	0.71	94.61
35-40	0.00	0.00	1.91	100.00	2.73	100.00	2.98	99.83	2.82	100.00	0.00	0.00	4.85	100.00	0.37	94.98
40-45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.98	98.96
45-10(	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.67	99.63

Source: Trains/wits latest year

Significant differences remain about the binding coverage. While some Members have bound less than 20 percent of their tariff lines, others have bound 100 percent of them like Morocco and Zimbabwe, Egypt has the highest of 2406 percent and Seychelles 80 percent. The share of tariff lines covered by bindings is 60 percent for EAC countries, 55 percent for SACU except for South Africa, which is at 45 percent. Therefore, a careful balancing act in designing their market opening in the AfCFTA circumstance may be required.

Table 9: SADC tariff band and the level of ambition-90 percent tariff lines

		SADC	COUNTRIES													
	Angola		Botswana		CONGO DRC		Lesotho		Mozambique		Namibia		South Africa			
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF		
0	0.25	0.25	50.33	50.33	0.15	0.15	51.05	51.05	2.72	2.72	53.03	53.03	46.10	46.10		
BLANK	0.00	0.25	1.46	51.79	0.03	0.18	2.43	53.48	0.42	3.14	1.30	54.33	1.86	47.96		
0≤5	44.85	45.09	2.06	53.85	0.00	0.18	2.00	55.48	13.48	16.62	1.91	56.24	2.15	50.11		
5≤10	0.86	45.95	8.29	62.14	32.95	33.12	8.11	63.60	47.54	64.17	7.56	63.80	10.12	60.23		
10≤15	28.18	74.13	8.42	70.56	35.82	68.94	9.03	72.62	1.72	65.89	8.07	71.88	9.01	69.24		
15-20	0.27	74.40	7.03	77.59	2.00	70.95	6.89	79.51	0.04	65.93	6.47	78.35	6.65	75.89		
20-25	9.81	84.21	12.06	89.65	29.05	100.00	10.92	90.43	34.07	100.00	11.19	89.54	11.06	86.95		
25-30	0.45	84.65	1.58	91.23	0.00	0.00	1.38	91.81	0.00	0.00	1.45	91.00	1.30	88.24		
30-35	7.19	91.84	3.26	94.49	0.00	0.00	3.00	94.81	0.00	0.00	3.33	94.33	3.75	91.99		
35-40	0.04	91.88	0.25	94.74	0.00	0.00	0.26	95.07	0.00	0.00	0.24	94.57	0.38	92.37		
40-45	0.05	91.93	1.71	96.45	0.00	0.00	1.85	96.93	0.00	0.00	1.63	96.20	1.96	94.33		
45-50	0.00	91.93	3.53	99.98	0.00	0.00	3.05	99.98	0.00	0.00	3.78	99.98	5.67	100.00		
50-55	8.07	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Tanzania		Madagascar		Mauritius		Malawi		Swaziland		Seychelles		Zambia		Zimbabwe	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF
0	28.99	28.99	6.22	6.22	84.87	84.87	27.36	27.36	53.00	53.00	87.98	87.98	26.17	26.17	8.75	8.75
BLANK	0.42	29.40	0.00	6.22	3.37	88.24	0.00	27.36	2.06	55.06	0.36	88.34	0.00	26.17	8.83	17.58
0≤5	0.00	29.40	0.62	6.83	0.72	88.96	0.40	27.76	2.00	57.06	0.10	88.44	0.00	26.17	0.29	17.88
5≤10	1.34	30.74	22.82	29.65	2.52	91.48	2.04	29.80	7.71	64.77	1.71	90.15	10.89	37.05	34.96	52.83
10≤15	22.28	53.02	32.59	62.24	1.32	92.79	26.96	56.76	8.63	73.40	2.32	92.47	2.11	39.17	15.26	68.10
15-20	2.08	55.09	1.55	63.79	5.96	98.75	2.14	58.90	6.26	79.66	2.04	94.51	24.84	64.01	8.37	76.46
20-25	0.11	55.20	36.21	100.00	0.07	98.82	0.23	59.13	11.19	90.84	0.23	94.73	0.79	64.80	6.29	82.75
25-30	43.65	98.85	0.00	0.00	0.00	98.82	40.87	100.00	1.40	92.24	4.91	99.65	35.20	100.00	2.86	85.61
30-35	0.00	98.85	0.00	0.00	1.18	100.00	0.00	0.00	2.89	95.13	0.03	99.68	0.00	0.00	0.84	86.45
35-40	0.51	99.36	0.00	0.00	0.00	0.00	0.00	0.00	0.25	95.38	0.03	99.70	0.00	0.00	12.43	98.88
40-45	0.00	99.36	0.00	0.00	0.00	0.00	0.00	0.00	1.73	97.11	0.00	99.70	0.00	0.00	0.61	99.49
45-50	0.00	99.36	0.00	0.00	0.00	0.00	0.00	0.00	2.95	100.05	0.66	100.36	0.00	0.00	0.48	99.97
50-55	0.64	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Trains/wits latest year

Table 7. Probable Tariff bands for AfCFTA negotiations.

	TARIFF BANDS C		OF ACHIEVING 90%			REGIONAL COVERAGE				
	COMESA		SADC		ECOWAS		ECCAS		UMA	TOTAL
0≤5										
5≤10	1		2		0		0		0	3
10≤15	0		0		0		0		0	0
15-20	1		0		0		0		0	1
20-25	5		6		14		3		1	29
25-30	8		5		1		2		1	17
30-35	0		2		0		4		2	8
35-40	1		0		0		0		0	1
40-45	2		0		1		0		0	3
45-50										
COUN'	18		15		16		9		4	
			*DATA ON LIBYA NOT AVAILABLE							
		MAJORITY COUNTRIES FALL ON TARIFF BAND 20-25.								

Source: Trains/wits latest year

The situation in COMESA is more varied. The level of the ceiling is between 25 and-30 percent, whereby Djibouti is at 26 percent, Sudan 40 percent, Ethiopia 35 percent Seychelles 20 percent and Mauritius 10 percent. In ECOWAS however, the scope of bindings tends to be more limited at 25 percent except for Cape Verde and Morocco which are at 45 and 30 percent respectively. The situation is also diverse in respect of SADC, where some of them have bindings on 25, 30 and 35 percent of their tariff lines, whereas Zimbabwe has a ceiling of 40 percent.

Besides, each country must meet the threshold target for ambition, meaning the higher Applied rates will have to be reduced to zero. If 90 percent of tariff lines are to be covered under AfCFTA, all ECOWAS countries except Cape Verde and Morocco would need to cut into their tariff band of 20-25 percent while Cape Verde will cut into 40-45 and Morocco at 25-30 percent. The majority of COMESA countries as well will have to cut into their tariff bands of 20-25 and 25-30 percent. Zimbabwe and South Africa will cut to 30-35, while Seychelles at will does at 5-10 percent.

Table 10: C0MESA Countries, tariff band and the level of ambition-90 percent tariff line

			CFTA	TARIFF BANDS		BY MFN RATES														
	COMES	COUNTRIES																		
	Burundi		Comoros		Djibouti		Egypt,		Eritrea		Ethiopia()		Kenya		Libya		Madagascar			
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF		
0	23.56	23.56	4.71	4.71	0.00	0.00	11.37	11.37	0.00	0.00	2.87	2.87	34.57	34.57	100.00	100.00	6.22	6.22		
BLANK	0.27	23.82	0.00	4.71	0.00	0.00	0.15	11.51	0.00	0.00	0.20	3.07	0.34	34.91	0.00	100.00	0.00	6.22		
0≤5	0.00	23.82	0.00	4.71	10.93	10.93	18.82	30.33	26.87	26.87	0.99	4.06	0.00	34.91	0.00	100.00	0.62	6.83		
5≤10	0.94	24.76	23.34	28.05	9.02	19.95	26.79	57.12	7.38	34.25	14.46	18.51	0.86	35.77	0.00	100.00	22.82	29.65		
10≤15	21.92	46.68	0.64	28.69	16.94	36.89	14.61	71.73	46.00	80.25	12.94	31.45	21.57	57.35	0.00	100.00	32.59	62.24		
15-20	1.88	48.57	0.00	28.69	2.60	39.48	3.03	74.76	1.03	81.29	3.53	34.98	1.51	58.86	0.00	100.00	1.55	63.79		
20-25	0.00	48.57	71.31	100.00	1.09	40.58	5.76	80.52	0.00	81.29	25.91	60.89	0.06	58.92	0.00	100.00	36.21	100.00		
25-30	49.17	97.73	0.00	0.00	59.15	99.73	0.00	80.52	19.38	100.67	1.72	62.61	40.08	99.00	0.00	100.00	0.00	0.00		
30-35	0.00	97.73	0.00	0.00	0.00	99.73	3.99	84.50	0.00	100.67	22.90	85.51	0.00	99.00	0.00	0.00	0.00	0.00		
35-40	0.96	98.70	0.00	0.00	0.00	0.00	2.44	86.94	0.00	0.00	14.49	100.00	0.52	99.52	0.00	0.00	0.00	0.00		
40-45	0.00	98.70	0.00	0.00	0.00	0.00	12.25	99.19	0.00	0.00	0.00	0.00	0.00	99.52	0.00	0.00	0.00	0.00		
50-60	1.30	100.00	0.00	0.00	0.00	0.00	0.81	100.00	0.00	0.00	0.00	0.00	0.49	100.01	0.00	0.00	0.00	0.00		
	Mauritius		Malawi		Rwanda		Sudan		Swaziland		Seychelles		Uganda		Congo, DRC		Zambia		Zimbabwe	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF
0	84.87	84.87	27.36	27.36	21.58	21.58	8.12	8.12	53.00	53.00	87.98	87.98	26.45	26.45	0.15	0.15	26.17	26.17	8.75	8.75
BLANK	3.37	88.24	0.00	27.36	0.53	22.11	0.30	8.42	2.06	55.06	0.36	88.34	0.45	26.90	0.03	0.18	0.00	26.17	8.83	17.58
0≤5	0.72	88.96	0.40	27.76	0.00	22.11	6.04	14.46	2.00	57.06	0.10	88.44	0.00	26.90	0.00	0.18	0.00	26.17	0.29	17.88
5≤10	2.52	91.48	2.04	29.80	0.70	22.82	1.39	15.84	7.71	64.77	1.71	90.15	1.62	28.52	32.95	33.12	10.89	37.05	34.96	52.83
10≤15	1.32	92.79	26.96	56.76	20.28	43.09	34.46	50.30	8.63	73.40	2.32	92.47	21.83	50.34	35.82	68.94	2.11	39.17	15.26	68.10
15-20	5.96	98.75	2.14	58.90	2.42	45.51	1.49	51.78	6.26	79.66	2.04	94.51	2.08	52.42	2.00	70.95	24.84	64.01	8.37	76.46
20-25	0.07	98.82	0.23	59.13	0.15	45.66	1.88	53.66	11.19	90.84	0.23	94.73	0.04	52.46	29.05	100.00	0.79	64.80	6.29	82.75
25-30	0.00	98.82	40.87	100.00	52.35	98.01	17.43	71.09	1.40	92.24	4.91	99.65	46.00	98.46	0.00	0.00	35.20	100.00	2.86	85.61
30-35	1.18	100.00	0.00	0.00	0.05	98.06	0.40	71.49	2.89	95.13	0.03	99.68	0.22	98.68	0.00	0.00	0.00	0.00	0.84	86.45
35-40	0.00	0.00	0.00	0.00	0.73	98.79	0.00	71.49	0.25	95.38	0.03	99.70	0.52	99.20	0.00	0.00	0.00	0.00	12.43	98.88
40-45	0.00	0.00	0.00	0.00	0.58	99.37	28.51	100.00	1.73	97.11	0.00	99.70	0.00	99.20	0.00	0.00	0.00	0.00	0.61	99.49
45-50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50-60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.95	100.05	0.66	100.36	0.80	100.00	0.00	0.00	0.00	0.00	0.48	99.97

Source: Trains/wits latest year

Table 11: ECCAS and UMA Countries, tariff band and the level of ambition-90 %

				ECCAS COUNTRIES														
	CONGO		CHAD		CENTRAL AFRICA F		GABON		CONGO DRC		BURUNDI		RWANDA		GUINEA		CAMEROON	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	CF	%	
0	2.28	2.28	1.31	1.31	1.91	1.91	3.94	3.94	0.15	0.15	23.56	23.56	21.58	21.58	4.80	4.80	1.62	1.62
BLANK	0.00	2.28	0.84	2.15	0.00	1.91	0.00	3.94	0.02	0.17	0.27	23.82	0.53	22.11	0.32	5.12	0.00	1.62
0≤5	0.06	2.34	0.00	2.15	0.00	1.91	0.00	3.94	0.00	0.17	0.00	23.82	0.00	22.11	0.28	5.40	0.09	1.71
5≤10	12.91	15.25	4.01	6.16	5.72	7.62	2.18	6.13	32.95	33.12	0.94	24.76	0.70	22.82	27.57	32.97	3.05	4.76
10≤15	27.23	42.47	35.45	41.60	31.82	39.44	33.89	40.02	35.82	68.94	21.92	46.68	20.28	43.09	20.51	53.47	42.44	47.20
15-20	6.96	49.44	1.59	43.19	2.93	42.38	1.58	41.60	2.00	70.94	1.88	48.57	2.42	45.51	1.63	55.11	1.80	49.01
20-25	47.24	96.67	17.26	60.45	25.95	68.33	14.23	55.83	29.05	100.00	0.00	48.57	0.15	45.66	44.97	100.07	15.63	64.63
25-30	0.37	97.04	0.84	61.29	0.88	69.21	0.42	56.25	0.00	0.00	49.17	97.73	52.35	98.01	0.00	0.00	0.37	65.00
30-35	0.00	97.04	38.71	100.00	30.79	100.00	43.75	100.00	0.00	0.00	0.00	97.73	0.05	98.06	0.00	0.00	35.00	100.00
35-40	2.96	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.96	98.70	0.73	98.79	0	0.00	0.00	0.00
40-45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	98.70	0.58	99.37	0.00	0.00	0.00	0.00
50-60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	100.00	0.00	0.00	0.00	0.00	0.00	0.00

		UMA	COUNTRIES							
	ALGERIA		Libya		Mauritania		Morocco		Tunisia	
MFN F	%	CF	%	CF	%	CF	%	CF	%	CF
0	0.45	0.45	100.00	100.00	0.00	0.00	0.00	0.00	17.30	17.30
BLANK	0.00	0.45	0.00	100.00	0.00	0.00	0.00	0.00	0.00	17.30
0≤5	0.05	0.50	0.00	100.00	0.00	0.00	0.37	0.37	0.89	18.19
5≤10	19.99	20.49	0.00	100.00	7.69	7.69	6.73	6.73	1.22	19.42
10≤15	0.82	21.31	0.00	100.00	0.00	7.69	20.41	27.14	19.15	38.57
15-20	23.94	45.25	0.00	100.00	0.00	7.69	12.79	39.93	12.40	50.98
20-25	2.47	47.72	0.00	100.00	92.31	100.00	6.36	46.28	1.72	52.70
25-30	0.39	48.11	0.00	100.00	0.00	0.00	47.62	93.90	10.92	63.61
30-35	51.71	99.82	0.00	100.00	0.00	0.00	0.71	94.61	26.96	90.57
35-40	0.00	0.00	0.00	0.00	0.00	0.00	0.37	94.98	9.43	100.00
40-45	0.00	0.00	0.00	0.00	0.00	0.00	3.98	98.96	0.00	0.00
45-50	0.00	0.00	0.00	0.00	0.00	0.00	0.67	99.63	0.00	0.00

Source: Trains/wits latest year

SENSITIVE LIST

For meaningful negotiation to succeed countries agree on what to liberalize and what to exclude. This then shall mean following the major three criteria identified for selecting sensitive products for both industrial and revenue, cultural or religious concerns.

(i) Those that minimize import surge- attract highest dutiable imports
(ii) Those that continued to be protected- highly protected products; and
(iii) Those that minimize tariff revenue losses-attract highest tariffs (10 per cent and 20 per cent of bilateral imports)

The commitment to reduce tariffs to 0 %, remove quantitative restrictions and other non-tariff barriers is up to the year 2030 for non-LDCs and 2033 for LDCs (10 and 13 years respectively). Following, the Continental Free Trade Agreement (AfCFTA) commencement in 2020, and envisaging a duty-free area by 2025 and 2030, the debates about / negative Lists which may be maintained by Member Countries but which is not there in the RECs is brought up in earnest because the whole issue is wrapped in the AfCFTA agreement without elaboration. That clarity would be intentional bearing in mind that the negative or sensitive list in a preferential or free trade agreement is to provide protection to sectors like infant industry, small-scale producers, agriculture among others. The AfCFTA has fixed the negative lists at 7% of the total tariff lines for sensitive products and not more than 3% for the Exclusion List of the total tariff lines for developing countries for a 10 year period. The same applies for 13 years period for LDCs before they are finally phased out to provide adjustment time to the domestic import-competing sector.

The elimination exercise may require using the concept of revealed comparative advantage to identify items on the sensitive list where the exporting country is competitive in the international market. Care should be taken lest countries will maintain two or three sensitive lists under AfCFTA; one for non- LDCs, and the others for LDCs, and another under bilateral FTAs. Pair-wise RCAs for one country and each of the exporting countries in AfCFTA can be used to identify items on one country's sensitive list that are vulnerable to competition from imports from AfCFTA member countries. Kathuria (1997) points out that competitiveness can be measured by the extent of successful export performance which in turn is measured by export propensity, export market shares or price-based measures like nominal protection coefficients, effective rates of protection and domestic resource costs.

The RCA can also be used by combining the RCAs for products of an exporting country with the corresponding RCAs of another country. Thus the RCA index is a ratio of the share of a given product in a country's exports relative to the product's share in world exports (Balassa, 1965). RCA is computed using the following formula:

$$RCA_{ij} = (X_{ij} / X_i) / (X_{wj} / X_w)$$

Where X_{ij} represents country i's export of commodity j, X_{wj} represents world exports of commodity j, X_i represents the total exports of country i, and X_w represents total world exports.

An RCA index value of greater than unity implies that the country is competitive in exporting a product. So, in the AfCFTA the RCA for each item on one country's sensitive list can be paired with the corresponding RCAs for the other countries.

The RCA concept however, has certain limitations like that the specification of the concept is usually in terms of pre-trade relative prices whereas the data used is generated by trade flows in post-trade equilibriums (Volrath, 1991). The other problem arises due to aggregation where the commodity becomes composite and describes an industry or a sector, unless we compute RCA at the six-digit level. It does not consider unit values of the exporting country in relation to other competitors.

ACCELERATION OF AfCFTA

The Phase-out periods for tariffs and quotas in sensitive sectors are usually kept to the minimum, and also the negotiators should consider the various levels of development among the countries. The liberalization schedule which shall offer progressive liberalization as agreed in Niamey can be tabulated as shown in Table 12.

Table 12. Timetable for accelerating AfCFTA for the 55 AU countries

YEAR	COMMITMENT INCLUSION LIST	SENSITIVE PRODUCTS	EXCLUSION LIST
2020	A minimum of 50% of the countries' total tariff lines must have tariffs of 0%, for developing countries and 40% for LDCs.		
2025	Each developing country would achieve a minimum of 90% of the Inclusion list in the 0 % tariff range.		
2030		7% of the total tariff lines for sensitive products fully liberalised	3% for the Exclusion List of the total tariff lines for developing countries

2030	All LDCs would achieve a minimum of 90% of the inclusion list in the zero-tariff range, same with the group of 6 countries achieving 85% fully liberalization.		
2033	All LDCs would achieve full liberalization of sensitive list together with the group of 6	7% of the total tariff lines for sensitive products fully liberalised	3% for the Exclusion List of the total tariff lines for developing countries
2045	The group of 6 countries achieving 90% fully liberalization		

For this to succeed, exceptional attention should also be focused on trade facilitation activities in the areas of customs and the elimination of technical barriers to trade. At customs points the simplification and harmonization of customs procedures and as well the development of product-specific mutual recognition arrangements in conformity assessment should be hastened to ensure that product-related standards and regulations do not become technical barriers to trade.

Conclusion

The danger of violent and rapid movement in the markets for primary commodities after 2020 needs some caution so that the necessary adjustments should not come too fast lest they bring serious distress to many small producers and to their communities. Therefore, as well the negotiators should provide a program of adjustment and a period within which the essential change can be made without undue hardship. Thus the general idea of an early harvest (hanging fruits) can be a quick liberalisation strategy on areas where fast progress is possible, to effect agreement expeditiously and to implement the results in 2020 and then extent to 90%. The problem of doing the easy things first does not necessarily help with solving the difficult ones and sometime the timetable for the negotiations may make an early harvest quite impractical

The AfCFTA negotiators must remain aware in all cases that the agreement drafted and especially on rules of origin, should deliver quick and easier trading environment such that the business community do not struggle with its complexities which may simply make them ignore the agreement as the trade makers, and an opportunity to enhance growth and integration will then have been lost. For one they have business relationships at stake with suppliers and buyers in other economies, which will be affected by the agreements while others will be enjoying as well from improved market access in the partner economy, and they will be more competitive in LDCs because of a reduction in some of their input costs.

We still need to approach regionalism with caution, but we believe it is time for a guarded optimism. Regionalism appears to be a useful tool to dismantle trade barriers, but must be employed with care especially this time when multilateral efforts are headed to fail. Forming AfCFTA would make free trade easier to achieve by inducing otherwise uncooperative countries to cooperate.

The discussion over the AfCFTA so far underscores the fears of potentially important external forces shaping the debate about impact of AfCFTA on the prospects of multilateral liberalization. While this makes for a political and intellectually engaging debate, it also reflects an important difficulty direction Africa has taken in the world geopolitics.

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