United Nations
Economic Commission for Africa

African Continental Free Trade Area

Towards the finalization of modalities on goods

Toolkit

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A. Key messages

On 21 March 2018 in Kigali, 44 member States of the African Union signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA). An additional 6 member States of the African Union signed the Kigali Declaration by which they committed to sign the Agreement of the African Continental Free Trade Area once they had undertaken necessary national consultations.

One of the key steps beyond the ratification of the Agreement is to prepare and submit tariff offers, under the modalities on goods, that will determine the liberalization efforts to be undertaken between the States parties to the Agreement.

In the modalities for the liberalization of trade in goods that were adopted during the negotiation process, African Union member States agreed to remove at least 90 per cent of tariffs on goods imported from other States parties.

It remains unclear, however, whether the 90 per cent of tariffs refers to 90 per cent of total tariff lines only or a combination of a minimum of 90 per cent of total tariff lines and not less than 90 per cent of total value of imports, also known as double qualification.

In addition, there are uncertainties over the remaining 10 per cent tariffs and how these are to be approached in relation to exempted and sensitive products, and how those tariffs are to be liberalized, whether partially or in full, and over what time frames.

In order to shed light on unresolved issues and to assist African Union member States to prepare tariff offers, the Economic Commission for Africa (ECA) has undertaken a comparative analysis of two possible approaches or scenarios, namely, the tariff line approach (scenario 1) and the double qualification approach (scenario 2), as follows:

a) Scenario 1 — the tariff line approach
   i. Under the tariff line approach, it is assumed that 90 per cent of the total tariff lines are non-sensitive, that is, that the tariff lines are to be fully liberalized and at an early stage: within 5 years for non-least developed countries (non-LDCs), 10 years for LDCs and 15 years for a group of seven selected countries, namely, Djibouti, Ethiopia, Madagascar, Malawi, the Sudan, Zambia and Zimbabwe;
   ii. The remaining 10 per cent is divided into two groups: sensitive products, that is, 9 per cent of total tariff lines to be fully liberalized but over longer periods of time than non-sensitive products (within 10 years for non-LDCs and 13 years for LDCs as well as the group of seven countries); and non-liberalized or excluded products, that is, 1 per cent;

b) Scenario 2 — the double qualification approach
   Under the double qualification approach, it is assumed that non-sensitive products correspond to at least 90 per cent of tariff lines and not less than 90 per cent of the total value of imports, with the remainder split between sensitive (7 per cent) and excluded (3 per cent) products.

Shares of excluded products are kept relatively small, in line with a possible anti-concentration clause under the AfCFTA agreements to avoid exempting entire sectors from tariff cuts. Scenario 1 is expected to be less aggressive than scenario 2, hence the smaller apparent share of excluded products under scenario 1. In particular, any share greater than 1 per cent under a tariff line approach could potentially make the liberalization implied under the AfCFTA agreements less ambitious than the commitments made under Economic Partnership Agreements (EPAs) with the European Union, thereby undermining policy coherence within Africa.

It should be noted that the lists of non-sensitive, sensitive, or excluded products are determined by country, except for the members of the East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS) and the Southern African Customs Union (SACU). A common list is determined for the members of each of the latter four regional groupings.

For ranking the lines from the most sensitive to the least sensitive and ultimately determining the lists of products under each of the three categories (that is, excluded, sensitive, non-sensitive) for the two scenarios, the following three options are suggested:

a) Option 1: delaying or limiting tariff revenue losses; with the most sensitive tariff lines generating the largest tariff revenues;

b) Option 2: delaying or limiting tariff revenue losses and promoting industrialization; with the most sensitive tariff lines generating the largest tariff revenues but all intermediate products are considered as non-sensitive;

c) Option 3: delaying or limiting tariff revenue losses and promoting industrialization, including green industrialization; with the most sensitive tariff lines generating the largest tariff revenues but all intermediates and green products are considered as non-sensitive.

It should be noted that green products which can generally be considered as products from the nascent industry can be classified as sensitive (options 1 and 2) but cannot be excluded from trade liberalization, whatever the option, as nascent industry protection should not be permanent.

ECOWAS has a common external tariff with a fifth band (for “specific goods for economic development”), the products of which bear a 35 per cent tariff and are deemed most sensitive, is treated in a slightly different manner. Specifically, within each of the above three options, product lines classified under the fifth band of the ECOWAS common external tariff are prioritized as the most sensitive.

As expected, and using ECCAS as an example of model tariff offers, the findings confirm the pronounced differences between approaches and scenarios:

a) The 90 per cent non-sensitive tariff lines under scenario 1 would account for considerably less than 90 per cent of the value of imports, whichever option is chosen. It will be below 15 per cent of the value of imports in option 1 and just above 60 per cent in options 2 and 3. This implies that under scenario 1, the first tariff phasedown would entail a relatively marginal and non-substantial liberalization of ECCAS imports compared to scenario 2 (accounting for not less than 90 per cent of the value of imports, whatever the option);

b) The 9 per cent sensitive tariff lines liberalized but over longer time frames under scenario 1 would amount to significantly more than 9 per cent of the value of imports, whatever the option considered. It will be over 35 per cent of the value of imports in option 1, slightly less than 16 per cent in option 2, and 14 per cent in option 3. This implies that a non-negligible share of the liberalization efforts by ECCAS countries would be done in a second phase, potentially delaying and diminishing the expected benefits from trade liberalization;

c) The remaining 1 per cent of excluded products under option 1 would account for substantial shares of value of imports that would be exempted from any tariff liberalization, whatever the option. More than 50 per cent of the value of imports would be excluded in option 1, when nearly one quarter would be excluded in options 2 and 3.

In sum, and in most cases beyond the example of ECCAS, it can be expected that exclusions would amount for considerably larger proportions of total imports under the percentage of the tariff line approach than under the double qualification. This suggests that a tariff line approach for liberalization of goods under the AfCFTA agreements could lead to at least four important consequences:

a) The risk that less will be offered to African counterparts than what has been agreed with the members of the European Union under EPAs (generally 80 per cent of imports to be liberalized);

b) The risk of censure through the World Trade Organization (WTO) regional trade agreement surveillance process, if all trade is not liberalized substantially. The necessity to liberalize substantially all trade was also a negotiating guiding principle set out by the African Union Ministers of Trade meeting in May 2016;

c) Uneven liberalization efforts across countries and regions (90 per cent of tariff lines resulting in different values of imports to be liberalized across countries and regions);

d) Limited economic gains from unambitious liberalization (limiting tariff revenue loss rather than substantial trade creation and additional revenue gains).

ECA analysis indicate that a double qualification approach (scenario 2) will deliver greater and more balanced outcomes for African countries than an approach through tariff lines only.

B. Background and objectives

African Union member States have agreed to remove 90 per cent of their tariffs on goods over a period of between 5 and 15 years, depending on whether a country is classified as developing or least developed, with special and differentiated treatment for the group of seven countries, which are, as mentioned previously, Djibouti, Ethiopia, Madagascar, Malawi, the Sudan, Zambia and Zimbabwe.

It has not yet been determined, however, whether the 90 per cent of tariffs (also referred to as non-sensitive) that is to be completely liberalized relates to the percentage of total product lines or to the share in the country's total value of imported products.

Moreover, there are uncertainties regarding how the remaining 10 per cent of tariffs will be treated. According to the modalities agreed at the African Union Ministers of Trade meeting in Niamey in June 2017, the remaining 10 per cent is to be split between sensitive and excluded products. Sensitive tariffs are to be accorded a longer time frame for liberalization while excluded tariffs are not subject to liberalization. However, the exact share of tariffs accorded to either group has not yet been determined.

Against that background, the present toolkit aims to provide guidance for African policymakers and negotiators on how they could possibly resolve the above mentioned issues that remain to be addressed under the AfCFTA negotiations in relation to the modalities on goods, with a view to bringing that aspect of the negotiations to a successful conclusion.

C. Methodology and illustrations

1. Two sets of scenarios

Since it is not yet known how the liberalization of tariffs is to be approached, for the purposes of the present toolkit, two sets of scenarios can be envisaged at this stage:

a) First set of scenarios: full trade liberalization (at an early stage) for 90 per cent of tariff lines

Under such a scenario, there are 4,547 products that would be fully liberalized at an early stage, of which 505 products would be classified as sensitive or excluded as defined in the "harmonized system at 6-digit (hs6)" of product classification for the nomenclature 2007, in line with the latest Market Access Map database defined at hs6 level of product classification (that is, MAcMap-hs6[1] used for tariff information; the year of the tariffs is 2013 but efforts have being made to reflect the most important changes between 2013 and 2018[2]).

b) Second set of scenarios: full trade liberalization (at an early stage) for at least 90 per cent of tariff lines and not less than 90 per cent of the country and region's total value of imported goods also referred to as "double qualification"

Under the second scenario, there are 4,547 products that would be fully liberalized at an early stage, of which 505 products would be categorized as sensitive or excluded.

The distinction between the two scenarios is particularly important as they could lead to (very) different lists of non-sensitive versus sensitive or excluded products, depending on the country and region tariffs and import structures vis-à-vis African partners, thus generating (very) different outcomes in terms of economic impact. Indeed, within a country and region, it is unlikely that 90 per cent of the total tariff lines accounts for 90 per cent of the total value of imports. Similarly, between countries and regions, it is improbable that 90 per cent of the total value of imports in one country and region corresponds to the same number of tariff lines in another.

2. Three options to identify the remaining 10 per cent of sensitive or excluded products

The main challenge is to come up with a methodology that can determine which goods should be liberalized first (that is, 90 per cent or non-sensitive lists) versus those that should be considered as sensitive or excluded (that is, 10 per cent lists) and to be liberalized over longer time frames or possibly being exempted from any tariff reduction. Whereas the methodology should be comprehensive enough, it should remain simple in order to ensure that it can be practically and effectively applied by member States, taking into account the large number of product lines that need to be dealt with.

1 More details are available on the MAcMap-hs6 database at: http://www.cepii.fr/CEPII/en/bdd_modele/presentation.asp?id=12.

2 For example, ECOWAS common external tariffs, updates for eligible countries and products of the African Growth and Opportunity Act (AGOA), updates for preferential schemes, such as the Generalized System of Preferences (GSP), Indian Duty-Free Tariff Preference (DFTP) scheme for LDCs, and China's preferences for LDCs. It should also be noted that trade information included in the MAcMap-hs6 database come from the Base pour *l'Analyse du Commerce International* (BACI) database and reflect an average for the period 2012–2014. Available at: http://www.cepii.fr/cepii/en/bdd_modele/presentation.asp?id=1.

Several criteria based on the economic priorities of the African Union member States will need to be considered and even combined. In that sense, three options that progressively build on each other are proposed to identify the remaining 10 per cent of sensitive or excluded products.

a) Option 1: delaying or limiting tariff revenue losses

Such a methodology, aimed at delaying or limiting tariff revenue losses, has already been developed.[3] While that methodology was developed in the context of the WTO negotiations in agricultural market access, it applies well to other contexts and products. Indeed, and as stated in their publication, the methodology looks at how "policymakers will use a combination of the importance of the goods in imports and the depth of the cuts in applied rates required", which characterizes the "loss-of-tariff revenue criterion". That methodology goes beyond the simple tariff revenue calculation in the sense that it considers the square of the cut in tariff rather than only the cut in tariff. Therefore, it allows the most sensitive products to be identified by putting greater emphasize on the tariff cut than the value of import itself.

In other words, a formula is proposed that can help to tackle the issue of tariff revenue loss in the context of sensitive product selection. In brief, it consists of computing an index[4] for each importer country and region and ranking the index (and associated tariff lines) from its highest value to its lowest value. The computed index makes it possible to distinguish between the 10 per cent sensitive or excluded products versus the 90 per cent fully liberalized products, whatever the set of scenarios envisaged (that is, taking only the exact top 10 per cent of the number of lines based on index scores as sensitive or excluded products or the top 10 per cent of either the number of lines or cumulated value of imports, whichever comes first (double qualification), based on index scores as sensitive or excluded products).[5]

b) Option 2: promoting industrialization in addition to delaying or limiting tariff revenue losses

Obviously, in the context of the AfCFTA negotiations and with a clear objective of structural transformation, looking at tariff revenues only to select sensitive or excluded products will not be enough. It will be critical to promote industrialization by facilitating the import of cheaper key inputs or intermediates that can favour value addition and industrialization.[6]

In line with research cited in the ECA flagship publication, Economic Report on Africa, specifically, the 2015 edition, intermediates account for about 60 per cent of Africa's total imports. Therefore, reducing tariffs on intermediates in the context of the AfCFTA agreements would not only lower the

3 Sébastien Jean, David Laborde and Will Martin, *Choosing Sensitive Agricultural Products in Trade Negotiations*, No. 2008 – 18, September, Centre d'Études Prospectives et d'Informations Internationales (2008). Available at: http://www.cepii.fr/PDF_PUB/wp/2008/wp2008-18.pdf.

4 The index is computed using the following formula: value of import of product k*(1+initial tariff rate applied on product k)*[(final tariff applied on product k after expected reduction-initial tariff rate applied on product k)/(1+initial tariff rate applied on product k)]^2; where final tariff on product k after expected reduction is equal to 0 in case full liberalization is the objective. As highlighted in Jean, Laborde and Martin (cited previously), such expression is based on a political-economy model of protection which demonstrates that the likely choice of sensitive products can be predicted by the above simple index which relies on the following three elements: (1) the value of the import at domestic price; (2) the squared, proportional cut in price of the import brought about by the formula; (3) the extent to which sensitive product status reduce the size of this price cut.

5 The full methodology, description and formula, and index details are described in the publication cited previously by Jean, Laborde and Martin.

6 For more information, see the joint ECA-ODI report on "Transforming African economies through smart trade and industrial policy".

cost of imported intermediates but also provide an incentive to source intermediates from within the African market.

Product lines at the level of the hs6 nomenclature can easily be mapped to the broad economic categories of goods, which themselves can be mapped to the three basic classes of goods in the system of national accounts, that is, capital goods, intermediate goods and consumption goods. Accordingly, under the hs6 nomenclature 2007, there are 3,108 product lines (or 61.5 per cent of total hs6 product lines) of intermediate goods.

It is proposed here that all intermediate goods are fully liberalized as early as possible under the AfCFTA agreements to facilitate Africa's industrialization. Thus, for the second option to identify the remaining 10 per cent sensitive or excluded products, it is suggested that after ranking the tariff lines using the first option to delay or limit tariff revenue losses, all lines relating to intermediate goods that fall under the 10 per cent sensitive or excluded products are moved out of this category to be fully liberalized. In order to replace those tariff lines to maintain the balance between the 10 per cent sensitive or excluded products and the 90 per cent non-sensitive liberalized products, products that fall under the 90 per cent category and that are not classified as intermediates are moved to the 10 per cent category; taking them in decreasing order of the computed index for tariff revenues losses and up to either the 10 per cent share of total tariff lines (first scenario) or 10 per cent share of total value of imported goods (second scenario).

c) Option 3: promoting industrialization, including green industrialization, in addition to delaying or limiting tariff revenue losses

The 2016 Economic Report on Africa highlighted the importance of greening Africa's industrialization in the continent's process towards economic transformation and sustainable development. Moreover, green economy has been placed at the heart of the 2030 Agenda for Sustainable Development and Agenda 2063 for "The Africa We Want".

The United Nations Industrial Development Organization (UNIDO) has identified 120 products (or 2.4 per cent of total) at the hs6 level of classification as green products.

Hence, a third option to identify the remaining 10 per cent sensitive or excluded products that is suggested is to ensure that, in addition to all intermediates, all green goods are fully liberalized as early as possible under the AfCFTA agreements to enable Africa's green industrialization. Building on the second option, the third option proposes that after ranking the tariff lines using the first option to delay or limit tariff revenue losses, and after removing all lines relating to intermediate goods, all lines relating to green products that fall under the 10 per cent sensitive or excluded products should also be removed from this category to be fully liberalized instead. As for the second option, it is required to replace those tariff lines to keep the balance between the 10 per cent sensitive or excluded products and the 90 per cent non-sensitive liberalized products. As such, products that fall under the 90 per cent category and that are not classified as either intermediates or green products are moved to the 10 per cent category; taking them in decreasing order of the computed index for tariff revenues losses and up to either the 10 per cent share of total tariff lines (first scenario) or 10 per cent share of total value of imported goods (second scenario).

It should be noted that green products which can generally be considered products from the nascent industry can be classified as sensitive (options 1 and 2) but cannot be excluded from trade liberalization, whatever the option. Nascent industry protection should not be permanent.

3. Special treatment for ECOWAS: taking into account the fifth band of ECOWAS common external tariff structure

By definition, the proposed formula to tackle the issue of tariff revenue losses will most likely fail to ensure that all the product lines bearing a 35 per cent tariff rate and classified under the fifth band of ECOWAS common external tariff for "specific goods for economic development", which are deemed sensitive by ECOWAS under its common external tariff, actually fall into the sensitive or excluded product category.

Therefore, it is suggested that those particular product lines be prioritized in determining the sensitive or excluded product lists in the case of ECOWAS and should in fact be excluded from any tariff reduction as much as possible. In total, at the hs6 level of nomenclature 2007, 101 products (that is, 2 per cent of total product lines) have a 35 per cent tariff rate and all together represent only 0.9 per cent of ECOWAS total imports.

Nonetheless, and to be consistent with the industrialization argument, if any of those products are also classified as intermediates or green products then those specific products should be liberalized early under option 2 and option 3, respectively.

4. The role of the regional groupings in identifying the remaining 10 per cent sensitive or excluded products

Whatever option is picked to identify the remaining 10 per cent sensitive or excluded products versus the 90 per cent to be fully liberalized first, it should be noted that product lists will be determined by four regional groupings in the case of EAC, ECCAS, ECOWAS and SACU, in consultation with their respective member States (that is, common lists for all member States within each of the four regional groupings). This takes into account the progress that has been made in the regional integration process by EAC, ECOWAS and SACU, which are already customs unions.

In the case of ECCAS, it is redoubling its efforts to speed up its trade integration and has shown strong commitment to the AfCFTA process. It was noted that all ECCAS countries signed the legal agreement establishing the AfCFTA.

For all the other countries not belonging to the four above mentioned regional groupings, product lists will be determined on a country by country basis.

5. Illustration of the incidence on non-sensitive vs. sensitive or excluded products in the three different options for each of the two scenarios envisaged: taking the case of ECCAS

Taking ECCAS as an example and checking the difference between liberalization of 90 per cent of tariff lines or double qualification (both vis-à-vis African partners outside ECCAS), the key outcomes from the identification of remaining 10 per cent sensitive or excluded products under the three suggested options are presented in table 1.

Table 1 confirms, as far as ECCAS is concerned, that choosing a trade liberalization approach by tariff lines only leads to dramatically different outcomes in terms of the value of imports to be liberalized than an approach relying on double qualification.

Whatever the option chosen (that is, limiting tariff revenue losses (option1), limiting tariff revenue losses and ensuring that

Table 1: Differences between the two scenarios envisaged across the three options

Option 1: limiting tariff revenue losses			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of non-sensitive lines to be liberalized early: **4 547** *(90% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **13.5%**	Number of non-sensitive lines to be liberalized early: **5 040** *(99.8% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **90.0%***
Number of sensitive or excluded lines: **505** *(10% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **86.5%**	Number of sensitive or excluded lines: **12** *(0.2% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **10.0%***
Option 2: limiting tariff revenue losses and ensuring that intermediate goods are all liberalized			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of non-sensitive lines to be liberalized early: **4 547** (90% of total lines)	Share of ECCAS total imports from the rest of Africa partners: **61.0%**	Number of non-sensitive lines to be liberalized early: **5042** *(99.8% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **90.0%***
Number of sensitive or excluded lines: **505** *(10% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **39.0%**	Number of sensitive or excluded lines: **10** *(0.2% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **10.0%***
Option 3: limiting tariff revenue losses and ensuring that all intermediate goods and all green goods are liberalized			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of non-sensitive lines to be liberalized early: **4 547** *(90% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **62.5%**	Number of non-sensitive lines to be liberalized early: **5 042** *(99.8% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **90.0%***
Number of sensitive or excluded lines: **505** *(10% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **37.5%**	Number of sensitive or excluded lines: **10** *(0.2% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **10.0%***

** In order to allow for a clear cut between the 90 per cent versus 10 per cent import shares, any sensitive product(s) line(s) with share(s) of imports that makes the cumulated share of imports above the 10 per cent threshold is brought into the 90 per cent list and next most sensitive line is brought in the 10 per cent list.*

Source: *ECA's computation is based on updated MAcMap-hs6.*

intermediate goods are all liberalized early (option 2), limiting tariff revenue losses and ensuring that all intermediates goods and all green goods are liberalized early (option 3)), eliminating tariffs for as many as 90 per cent of tariff lines would only correspond to a relatively limited value of ECCAS total imports being liberalized at an early stage, and far inferior to the 90 per cent of total value of imports liberalized through double qualification.

Under option 1, for example, removing tariffs for 90 per cent of the product lines (that is, 4,547 product lines) would only eliminate tariffs for 13.5 per cent of ECCAS total value of imports. In other words, 10 per cent of the most sensitive product lines using the tariff revenue losses criterion (that is, 505 lines) concentrate as much as 86.5 per cent of ECCAS total imports. If the double qualification approach was adopted, liberalizing 90 per cent of ECCAS total imports would imply that tariffs are eliminated early for the majority of the product lines; with only 12 product lines falling under the sensitive or excluded category.

Under options 2 and 3, there would be significant improvements as compared to option 1 in terms of the coverage of total imports to be liberalized under the tariff lines only approach; with 61.0 per cent and 62.5 per cent of ECCAS total imports corresponding to the 90 per cent tariff lines to be liberalized at an early stage, under option 2 and option 3, respectively. However, those proportions would still represent a relatively limited value of imports for which tariffs would be eliminated. Under the double qualification approach, the number of sensitive or excluded lines would be equal to only 10 in both option 2 and option 3, considering that no green product would fall into the sensitive or excluded product categories in the case of ECCAS.

6. Dealing with the remaining 10 per cent sensitive or excluded products

Once the 10 per cent sensitive or excluded products have been identified, it will be necessary to make a number of assumptions due to current lack of information, and to respond to the following questions: *Are there any products to be excluded from trade liberalization? If yes, what proportion (within the 10 per cent)?*

It is suggested that excluded products to be exempted of tariff reductions are limited to a total of **1 per cent** (that is, 50 tariff lines out of 5,052 lines) under scenario 1 (that is, liberalization considering tariff lines only) and **3 per cent** under scenario 2 (that is, liberalization crossing tariff lines and value of imported goods).

Shares of excluded products are kept relatively small, in line with a possible anti-concentration clause under the AfCFTA agreement, to avoid exempting entire sectors from tariff cuts. Scenario 1 is expected to be less aggressive than scenario 2, hence the smaller apparent share of excluded products under scenario 1. In particular, any share greater than 1 per cent under a tariff line approach could potentially make the liberalization implied in the AfCFTA agreement less ambitious than the commitments made under EPAs with the European Union, thereby undermining policy coherence within Africa.

Moreover, in line with discussions under the successive negotiating forums of the AfCFTA process so far, it is envisaged that the sensitive products will be fully liberalized but over a longer period of time than non-sensitive products (see the proposed liberalization scheduled in table 3).

The methodology to determine the sensitive versus excluded products is identical to the one suggested for the determination of the 90 per cent liberalized early versus remaining 10 per cent sensitive or excluded products. Under the three proposed options green products cannot be excluded from trade liberalization. This is to ensure that green products, often associated with nascent industries (examples include renewable energy and electric transport vehicles) are not protected for a prolonged period of time.

7. Illustration of the determination of sensitive versus excluded products for each of the two scenarios envisaged: taking the case of ECCAS

Table 2 shows the proportion of tariff lines and imports in ECCAS totals corresponding to those lines that are classified as sensitive – and therefore assumed to be liberalized over extended period of times – versus those that are to be excluded from any tariff reductions; with comparisons across the two sets of scenarios envisaged and for all three options as far as selection of sensitive or excluded products are concerned.

In the case of ECCAS, the lack of ambition of a scenario considering only tariff lines as an approach to determine which products should be sensitive or excluded from trade liberalization is clearly demonstrated in table 2.

Under option 1, excluding just 1 per cent of tariff lines from any cut would keep tariffs untouched for more than half of ECCAS total imports, which is clearly insufficient for a reform that must substantially liberalize trade. The full list of products to be excluded in option 1 is provided in table A.1 of the annex (sensitive products are not provided in table A.1 given that the products correspond to as much as 455 lines). The five excluded and seven sensitive products, all together amounting to 10 per cent of ECCAS total imports, in option 1 for the double qualification scenario are listed in table A.3 in the annex.

Options 2 and 3 would substantially reduce the proportion of ECCAS total imports to be excluded from trade liberalization under scenario 1. Nonetheless, tariffs for nearly one quarter of ECCAS total imports would be untouched, resulting in considerably less ambitious outcomes than the double qualification approach (that is, scenario 2) preserving 3 per cent of total imports. The full list of products to be excluded from trade liberalization in options 2 and 3 for scenario 1 is provided in table A.2 in the annex; the list of both excluded and sensitive products in options 2 and 3 for scenario 2 is given in table A.4 in the annex.

8. Schedules of liberalization

The proposed schedule of liberalization is identical for the two scenarios envisaged and in line with latest time frames agreed in the AfCFTA negotiations.

Table 2: Differences between the two scenarios envisaged for sensitive versus excluded products

Option 1: limiting tariff revenue losses			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of sensitive lines to be liberalized over a longer time frame: **455** *(9% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **35.2%**	Number of sensitive lines to be liberalized over a longer time frame: **7** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **7.0%***
Number of excluded lines: **50** *(1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **51.3%**	Number of excluded lines: **5** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **3.0%***
Option 2: limiting tariff revenue losses and ensuring that intermediate goods are all liberalized			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of sensitive lines to be liberalized over a longer time frame: **455** *(9% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **15.4%**	Number of sensitive lines to be liberalized over a longer time frame: **4** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **7.0%***
Number of excluded lines: **50** *(1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **23.6%**	Number of excluded lines: **6** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **3.0%***
Option 3: limiting tariff revenue losses and ensuring that all intermediate goods and all green goods are liberalized			
Scenario 1: liberalization based on tariff lines only		**Scenario 2: liberalization based on double qualification**	
Number of sensitive lines to be liberalized over a longer time frame: **455** *(9% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **13.9%**	Number of sensitive lines to be liberalized over a longer time frame: **4** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **7.0%***
Number of excluded lines: **50** *(1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **23.6%**	Number of excluded lines: **6** *(0.1% of total lines)*	Share of ECCAS total imports from the rest of Africa partners: **3.0%***

** In order to allow for a clear cut between the 7 per cent sensitive versus 3 per cent excluded import shares, any sensitive product line(s) with share(s) of imports that makes the cumulated share of imports above the 3 per cent and 7 per cent thresholds is brought into the next less sensitive category and the most sensitive line is brought in the 3 per cent or 7 per cent lists.*

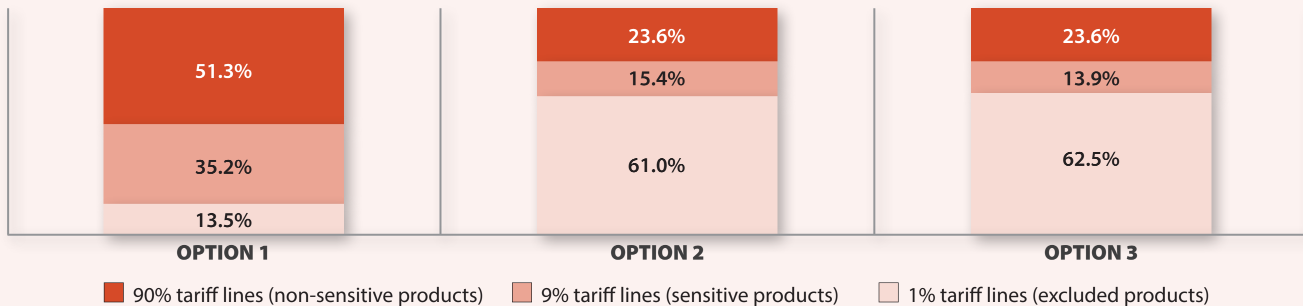
Source: *ECA's computation is based on updated MAcMap-hs6.*

Box 1: Summary of the results for the Economic Community of Central African States

In the case of ECCAS, a quick comparison of the two approaches (or scenarios) indicates that double qualification with 3 per cent of total imports being excluded will liberalize significantly higher shares of imports than a tariff line approach considering just 1 per cent of tariff lines to be excluded from liberalization, whatever the option chosen.

As illustrated in figure I, the gap between the two approaches in option 1 would be significant (that is, over half of ECCAS total imports being excluded from liberalization for scenario 1 against just 3 per cent for scenario 2. In options 2 and 3, the gap would be reduced but still considerable (that is, nearly one quarter of ECCAS total import being excluded from liberalization for scenario 1 in both option 2 and option 3 against just 3 per cent for scenario 2).

Figure I: Proportion of imports that would be covered under the three categories of products (non-sensitive, sensitive, excluded) for each of the proposed options under scenario 1



Source: *ECA's computation is based on updated MAcMap-hs6.*

In other words, a tariff line approach would lead to rather unambitious liberalization and potentially limited gains for ECCAS member States. Beyond the need for trade liberalization to be substantial, which can be achieved through the double qualification approach, it will be important that it also favours industrialization, implying that intermediates and possibly green products are liberalized early in the implementation phase of the AfCFTA reform.

It should also be emphasized that the liberalization implied by the tariff line approach, for any of the three suggested options, would be inferior to the commitments made so far under EPAs with the European Union, as EPAs imply 80 per cent liberalization of the value of imports from the European Union. To cite a specific example, in Central Africa, Cameroon is provisionally applying EPAs and has committed to liberalize 80 per cent of its imports from the European Union over 15 years under EPAs.

More information is available at:http://trade.ec.europa.eu/doclib/docs/2017/june/tradoc_155623.pdf

As shown on table 3, the pace of liberalization will vary depending on the level of development of the country or possible inclusion in the group of seven countries. Specifically, non-LDCs will need to fully liberalize non-sensitive products over a period of five years after entry into force of the Agreement, while they will have 10 years from the same date to remove tariffs on sensitive products. LDCs will be given 10 years to liberalize non-sensitive products and 13 years to eliminate tariffs on sensitive goods. The group of seven countries will have 10 years to fully cut 85 per cent from their non-sensitive products, 15 years to cut the other 5 per cent from non-sensitive products, and 13 years to bring their tariffs on sensitive goods to zero.

Table 3: Schedule of liberalization for tariffs on goods

		Tariff reductions		
		90% non-sensitive products	**9% (scenario 1) or 7% (scenario 2) sensitive products**	**1% (scenario 1) or 3% (scenario 2) excluded products**
Country classification	Non-LDCs	fully liberalized over 5 years (linear cut)	fully liberalized over 10 years (linear cut)	no cut
	LDCs	fully liberalized over 10 years (linear cut)	fully liberalized over 13 years (linear cut)	no cut
	Group of seven	85 % fully liberalized over 10 years (linear cut): additional 5% fully liberalized over 15 years (linear cut)	fully liberalized over 13 years (linear cut)	no cut

D. Conclusion and recommendations

The findings, as illustrated by the case of ECCAS for a model tariff offers,[7] clearly indicate that a double qualification approach is more aggressive than an approach relying only on tariff lines, as far as tariff cuts are concerned.

It should be noted that although there are pronounced differences across countries and regions (due to different tariffs and import structures), the main messages coming out from the example of ECCAS can be generalized to all other African countries and regional groupings. In other words, a tariff line approach (scenario 1) — even if extremely ambitious (for example, up to 99 per cent of tariff lines liberalized) — will result in relatively limited liberalization of imports for most countries and regional groupings as compared to a double qualification approach (scenario 2). [8]

This suggests that a tariff line approach for liberalization of goods under the AfCFTA agreement could lead to at least four potential issues.

First, it is essential to pay particular attention to the modalities that have been negotiated under the Economic Partnership Agreements with the European Union. Indeed, African countries and regions have generally agreed to liberalize around 80 per cent of the value of their imports from the European Union under EPAs. Thus, an approach based on tariff lines for AfCFTA could possibly result in an outcome of lower ambition in terms of tariff reductions than what has been negotiated under EPAs. It will be important to ensure that African countries do not offer less to their African counterparts than what they have agreed to offer to the members of the European Union.

Second, if the liberalization through tariff lines was to result in a limited share of a country and region's total value of imported goods, and therefore less than "substantially all the trade" to be liberalized, there is a risk of censure under the WTO regional trade agreement surveillance process. It would also fail the seventh negotiating guiding principle, agreed by the meeting of the African Union Ministers of Trade in May 2016, which calls for the AfCFTA agreement to "cover substantially all the trade among African Union member States".

Third, an approach where countries would liberalize their trade based on the number of tariff lines only could result in rather unfair and uneven outcomes depending on each country or regional grouping's tariff and import structures. Specifically, a fixed and identical proportion of tariff lines is unlikely to lead to the same value of imports for these lines from one country to another. However, liberalizing a fixed and identical proportion of value of imports, through double qualification, could be seen as a more equitable approach.

Fourth, the double qualification approach is likely to lead to more losses in tariff revenues than liberalization of just

7 This methodology only aims at guiding African Union member States in developing their tariff offers by providing a possible model to follow but ultimately African Union member States are to decide on the methodology and their final tariff offers.

8 In the cases of Tunisia and SACU, 90 per cent of tariff lines would represent slightly more than 90 per cent of imports (that is, 90.3 per cent for Tunisia in option 3; and 90.7 per cent for SACU in options 2 and 3); but even in those cases 1 per cent of excluded tariff lines would still represent 6.7 per cent and 8.5 per cent of imports for Tunisia and South Africa, respectively.

tariff lines, however, double qualification is also expected to generate larger trade and income gains that could potentially offset the losses from tariff cuts.

Overall, and as the findings suggest, it can be anticipated that a double qualification approach would produce greater benefits and less distortions for African countries. It could also enhance policy coherence and compliance. A robust empirical analysis looking at the economic impacts on African countries of the two scenarios for the three proposed methodological options must be undertaken to be able to conclude on the expected implications of the various scenarios and options for African economies.

E. Next steps

Following the development of lists of non-sensitive, sensitive and excluded products for all African countries or regional groupings, based on the methodology proposed in the present toolkit, modelling work will be undertaken.

The exercise will be done using a multi-country multi-sector dynamic computable general equilibrium model and aimed at assessing the economic effects of AfCFTA on African economies' key variables such as gross domestic product, trade, income and tariff revenues.

The core scenarios of the modelling exercises will rely on the modalities on trade in goods and liberalization scheduled articulated in the present toolkit. Furthermore, scenarios without any excluded list will also be analysed to better assess the implications of excluded lists.

Additional scenarios looking at rules of origin, liberalization of trade in services, improvement of non-tariffs barriers and non-tariff measures are also envisaged at a later stage, taking into consideration the extra data and modelling requirements.

Annex

Table A.1: List of excluded products for the Economic Community of Central African States following option 1 under scenario 1

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green
1	270900	Petroleum oils & oils obt. from bituminous mins.	13.9%	1939.413	22.0%	22.0%	Intermediate goods	NO
2	170199	Cane/beet sugar & chemically pure sucrose	24.8%	111.232	1.3%	23.2%	Consumption goods	NO
3	240220	Cigarettes containing tobacco	25.0%	74.865	0.8%	24.1%	Consumption goods	NO
4	890520	Floating/submersible drilling/production platforms	8.7%	448.396	5.1%	29.2%	Capital goods	NO
5	170111	Cane sugar	24.8%	61.891	0.7%	29.9%	Intermediate goods	NO
6	110100	Wheat/meslin flour	18.9%	69.273	0.8%	30.6%	Intermediate goods	NO
7	220600	Fermented beverages (e.g.	29.6%	27.145	0.3%	31.0%	Consumption goods	NO
8	220870	Liqueurs & cordials	30.3%	25.843	0.3%	31.2%	Consumption goods	NO
9	252329	Portland cement (excl. white cement	12.5%	129.069	1.5%	32.7%	Intermediate goods	NO
10	870421	Motor vehicles for the transportof goods (excl. of 8704.10)	12.4%	129.233	1.5%	34.2%	Capital goods	NO
11	730890	Structures (excld.prefabricated buildings of heading 94.06) & parts of structures (eg. Bridges & bridge-sections	15.5%	83.814	0.9%	35.1%	Intermediate goods	NO
12	870323	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transportof persons	22.3%	40.378	0.5%	35.6%	Others	NO
13	640299	Other footwear with outer soles & uppers of rubber/plastics	24.2%	31.638	0.4%	35.9%	Consumption goods	NO
14	30379	Fish (excl. of 0303.71 - 0303.78)	12.9%	100.749	1.1%	37.1%	Consumption goods	NO
15	151190	Palm oil	25.1%	28.204	0.3%	37.4%	Intermediate goods	NO
16	330499	Beauty/make-up preparations & preparations for the care of the skin (excl. meds.; excl. of 3304.10-3304.91)	25.3%	24.724	0.3%	37.7%	Consumption goods	NO
17	481840	Sanitary towels & tampons	26.3%	22.199	0.3%	37.9%	Consumption goods	NO
18	151710	Margarine (excl. liquid margarine)	24.3%	25.365	0.3%	38.2%	Consumption goods	NO
19	340119	Soap & organic surface-active products & preparations	24.4%	24.310	0.3%	38.5%	Consumption goods	NO
20	330491	Powders	24.8%	23.091	0.3%	38.8%	Consumption goods	NO
21	80810	Apples	21.8%	27.156	0.3%	39.1%	Consumption goods	NO
22	240310	Smoking tobacco	24.2%	22.124	0.3%	39.3%	Consumption goods	NO
23	721041	Flat-rolled products of iron/non-alloy steel	24.5%	21.063	0.2%	39.6%	Intermediate goods	NO
24	30374	Mackerel (Scomber scombrus/australasicus/japonicus)	13.2%	64.500	0.7%	40.3%	Consumption goods	NO
25	151000	Oils & fractions thereof	24.6%	18.959	0.2%	40.5%	Intermediate goods	NO
26	391739	Tubes	26.8%	15.486	0.2%	40.7%	Intermediate goods	NO
27	220410	Sparkling wine of fresh grapes	26.9%	15.342	0.2%	40.9%	Consumption goods	NO
28	70310	Onions & shallots	28.5%	13.574	0.2%	41.0%	Consumption goods	NO
29	220210	Waters	26.1%	15.733	0.2%	41.2%	Consumption goods	NO
30	852871	Reception apparatus for televison	23.0%	19.559	0.2%	41.4%	Consumption goods	NO
31	940360	Wooden furniture (excl. of 94.01 & 9403.30-9403.50)	24.6%	17.355	0.2%	41.6%	Consumption goods	NO
32	271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified/incld.	8.3%	131.588	1.5%	43.1%	Others	NO
33	831190	Wire	19.6%	24.917	0.3%	43.4%	Intermediate goods	NO
34	870333	Vehicles principally designed for the transportof persons (excl. of 87.02 & 8703.10-8703.24)	23.2%	17.454	0.2%	43.6%	Others	NO
35	271091	Waste oils containing polychlorinated biphenyls (PCBs)/polychlorinated terphenyls (PCTs)/polybrominated biphenyls (PBBs)	7.9%	131.588	1.5%	45.1%	Others	NO

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green
36	271099	Waste oils other than those containing polychlorinated biphenyls (PCBs)/polychlorinated terphenyls (PCTs)/polybrominated biphenyls (PBBs)	7.9%	131.588	1.5%	46.6%	Others	NO
37	721420	Bars & rods of iron/non-alloy steel (excl. of 72	16.3%	32.387	0.4%	46.9%	Intermediate goods	NO
38	170490	Sugar confectionery other than chewing gum (incl. white chocolate)	20.6%	20.792	0.2%	47.2%	Consumption goods	NO
39	70190	Potatoes other than seed potatoes	28.3%	11.735	0.1%	47.3%	Consumption goods	NO
40	220300	Beer made from malt	25.2%	14.353	0.2%	47.5%	Consumption goods	NO
41	870899	Other parts & accessories for the motor vehicles of 87.01-87.05	14.2%	40.256	0.5%	47.9%	Intermediate goods	NO
42	190531	Sweet biscuits	22.3%	17.454	0.2%	48.1%	Consumption goods	NO
43	200980	Juice of any single fruit/vegetable (excl. of 2009.11-2009.79)	27.7%	11.535	0.1%	48.2%	Consumption goods	NO
44	392321	Sacks & bags (incl. cones)	15.7%	32.175	0.4%	48.6%	Intermediate goods	NO
45	701090	Carboys	11.4%	57.818	0.7%	49.3%	Intermediate goods	NO
46	392410	Tableware & kitchenware	25.7%	12.635	0.1%	49.4%	Consumption goods	NO
47	330590	Preparations for use on the hair (excl. of 3305.10-3305.30)	20.5%	18.056	0.2%	49.6%	Consumption goods	NO
48	280700	Sulphuric acid; oleum	7.4%	122.814	1.4%	51.0%	Intermediate goods	NO
49	340120	Soap in other forms (excl. of 3401.11 & 3401.19)	25.2%	11.574	0.1%	51.1%	Consumption goods	NO
50	340111	Soap & organic surface-active products & preparations	24.6%	12.064	0.1%	51.3%	Consumption goods	NO

Source: *ECA's computation based on updated MAcMap-HS6.*

Table A.2: List of excluded products for the Economic Community of Central African States following options 2 and 3 under scenario 1

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green
1	170199	Cane/beet sugar & chemically pure sucrose	24.8%	111.232	1.3%	1.3%	Consumption goods	NO
2	240220	Cigarettes containing tobacco	25.0%	74.865	0.8%	2.1%	Consumption goods	NO
3	890520	Floating/submersible drilling/production platforms	8.7%	448.396	5.1%	7.2%	Capital goods	NO
4	220600	Fermented beverages (e.g.	29.6%	27.145	0.3%	7.5%	Consumption goods	NO
5	220870	Liqueurs & cordials	30.3%	25.843	0.3%	7.8%	Consumption goods	NO
6	870421	Motor vehicles for the transportof goods (excl. of 8704.10)	12.4%	129.233	1.5%	9.3%	Capital goods	NO
7	870323	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transportof persons	22.3%	40.378	0.5%	9.7%	Others	NO
8	640299	Other footwear with outer soles & uppers of rubber/plastics	24.2%	31.638	0.4%	10.1%	Consumption goods	NO
9	30379	Fish (excl. of 0303.71 - 0303.78)	12.9%	100.749	1.1%	11.2%	Consumption goods	NO
10	330499	Beauty/make-up preparations & preparations for the care of the skin (excl. meds.; excl. of 3304.10-3304.91)	25.3%	24.724	0.3%	11.5%	Consumption goods	NO
11	481840	Sanitary towels & tampons	26.3%	22.199	0.3%	11.7%	Consumption goods	NO
12	151710	Margarine (excl. liquid margarine)	24.3%	25.365	0.3%	12.0%	Consumption goods	NO
13	340119	Soap & organic surface-active products & preparations	24.4%	24.310	0.3%	12.3%	Consumption goods	NO
14	330491	Powders	24.8%	23.091	0.3%	12.6%	Consumption goods	NO
15	80810	Apples	21.8%	27.156	0.3%	12.9%	Consumption goods	NO
16	240310	Smoking tobacco	24.2%	22.124	0.3%	13.1%	Consumption goods	NO
17	30374	Mackerel (Scomber scombrus/australasicus/japonicus)	13.2%	64.500	0.7%	13.9%	Consumption goods	NO
18	220410	Sparkling wine of fresh grapes	26.9%	15.342	0.2%	14.0%	Consumption goods	NO
19	70310	Onions & shallots	28.5%	13.574	0.2%	14.2%	Consumption goods	NO
20	220210	Waters	26.1%	15.733	0.2%	14.4%	Consumption goods	NO
21	852871	Reception apparatus for televison	23.0%	19.559	0.2%	14.6%	Consumption goods	NO
22	940360	Wooden furniture (excl. of 94.01 & 9403.30-9403.50)	24.6%	17.355	0.2%	14.8%	Consumption goods	NO
23	271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified/incld.	8.3%	131.588	1.5%	16.3%	Others	NO
24	870333	Vehicles principally designed for the transportof persons (excl. of 87.02 & 8703.10-8703.24)	23.2%	17.454	0.2%	16.5%	Others	NO
25	271091	Waste oils containing polychlorinated biphenyls (PCBs)/polychlorinated terphenyls (PCTs)/polybrominated biphenyls (PBBs)	7.9%	131.588	1.5%	18.0%	Others	NO
26	271099	Waste oils other than those containing polychlorinated biphenyls (PCBs)/polychlorinated terphenyls (PCTs)/polybrominated biphenyls (PBBs)	7.9%	131.588	1.5%	19.5%	Others	NO
27	170490	Sugar confectionery other than chewing gum (incl. white chocolate)	20.6%	20.792	0.2%	19.7%	Consumption goods	NO
28	70190	Potatoes other than seed potatoes	28.3%	11.735	0.1%	19.8%	Consumption goods	NO
29	220300	Beer made from malt	25.2%	14.353	0.2%	20.0%	Consumption goods	NO
30	190531	Sweet biscuits	22.3%	17.454	0.2%	20.2%	Consumption goods	NO
31	200980	Juice of any single fruit/vegetable (excl. of 2009.11-2009.79)	27.7%	11.535	0.1%	20.3%	Consumption goods	NO
32	392410	Tableware & kitchenware	25.7%	12.635	0.1%	20.5%	Consumption goods	NO
33	330590	Preparations for use on the hair (excl. of 3305.10-3305.30)	20.5%	18.056	0.2%	20.7%	Consumption goods	NO
34	340120	Soap in other forms (excl. of 3401.11 & 3401.19)	25.2%	11.574	0.1%	20.8%	Consumption goods	NO
35	340111	Soap & organic surface-active products & preparations	24.6%	12.064	0.1%	20.9%	Consumption goods	NO
36	870324	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transportof persons	22.9%	13.402	0.2%	21.1%	Others	NO

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green
37	940429	Mattresses of other materials (excl. cellular rubber/plastics)	23.2%	12.580	0.1%	21.2%	Consumption goods	NO
38	200990	Mixtures of juices	26.4%	9.900	0.1%	21.3%	Consumption goods	NO
39	220290	Non-alcoholic beverages other than waters of 2202.10 (not incl. fruit/vegetable juices of 20.09)	26.2%	9.994	0.1%	21.4%	Consumption goods	NO
40	871120	Motorcycles (incl. mopeds) & cycles fitted with an auxiliary motor	25.6%	9.804	0.1%	21.6%	Consumption goods	NO
41	340220	Surface-active preparations	24.9%	9.927	0.1%	21.7%	Consumption goods	NO
42	240290	Cigars	26.3%	8.486	0.1%	21.8%	Consumption goods	NO
43	170410	Chewing gum	20.6%	13.065	0.1%	21.9%	Consumption goods	NO
44	40310	Yogurt	18.6%	15.705	0.2%	22.1%	Consumption goods	NO
45	220840	Rum & tafia	32.2%	5.637	0.1%	22.2%	Consumption goods	NO
46	220421	Wine other than sparkling wine of fresh grapes	24.3%	8.870	0.1%	22.3%	Consumption goods	NO
47	330520	Preparations for permanent waving/straightening the hair	20.4%	12.227	0.1%	22.4%	Consumption goods	NO
48	890590	Light-vessels	8.0%	67.600	0.8%	23.2%	Capital goods	NO
49	870422	Motor vehicles for the transportof goods (excl. of 8704.10)	12.6%	27.650	0.3%	23.5%	Capital goods	NO
50	330610	Dentifrices	23.7%	8.194	0.1%	23.6%	Consumption goods	NO

Source: *ECA's computation is based on updated MAcMap-hs6.*

Table A.3: List of sensitive versus excluded products for the Economic Community of Central African States following option 1 under scenario 2

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green	
1	170199	Cane/beet sugar & chemically pure sucrose	24.8%	111.232	1.3%	1.3%	Consumption goods	NO	Excluded
2	240220	Cigarettes containing tobacco	25.0%	74.865	0.8%	2.1%	Consumption goods	NO	Excluded
3	170111	Cane sugar	24.8%	61.891	0.7%	2.8%	Intermediate goods	NO	Excluded
4	391739	Tubes	26.8%	15.486	0.2%	3.0%	Intermediate goods	NO	Excluded
5	80550	Lemons (Citrus limon/limonum) & limes (Citrus aurantifolia/latifolia)	37.6%	1.247	0.0%	3.0%	Consumption goods	NO	Excluded
6	890520	Floating/submersible drilling/production platforms	8.7%	448.396	5.1%	8.1%	Capital goods	NO	Sensitive
7	110100	Wheat/meslin flour	18.9%	69.273	0.8%	8.9%	Intermediate goods	NO	Sensitive
8	220600	Fermented beverages (e.g.	29.6%	27.145	0.3%	9.2%	Consumption goods	NO	Sensitive
9	220870	Liqueurs & cordials	30.3%	25.843	0.3%	9.5%	Consumption goods	NO	Sensitive
10	870323	Vehicles (excl. of 87.02 & 8703.10) principally designed for the transportof persons	22.3%	40.378	0.5%	9.9%	Others	NO	Sensitive
11	220840	Rum & tafia	32.2%	5.637	0.1%	10.0%	Consumption goods	NO	Sensitive
12	80520	Mandarins	32.4%	0.898	0.0%	10.0%	Consumption goods	NO	Sensitive

***Source:** ECA's computation is based on updated MAcMap-hs6.*

Table A.4: List of sensitive versus excluded products for Economic Community of Central African States following options 2 and 3 under scenario 2

#	hs6 code	hs6 label	Tariff rate	Import value (US$ million)	Import share	Cumulative Import Share	Capital/Intermediate /Consumption/Other	Green	
1	170199	Cane/beet sugar & chemically pure sucrose	24.8%	111.2322563	1.3%	1.3%	Consumption goods	NO	Excluded
2	240220	Cigarettes containing tobacco	25.0%	74.864812	0.8%	2.1%	Consumption goods	NO	Excluded
3	220600	Fermented beverages (e.g.	29.6%	27.1445319	0.3%	2.4%	Consumption goods	NO	Excluded
4	220870	Liqueurs & cordials	30.3%	25.8425295	0.3%	2.7%	Consumption goods	NO	Excluded
5	330499	Beauty/make-up preparations & preparations for the care of the skin (excl. meds.; excl. of 3304.10-3304.91)	25.3%	24.7235065	0.3%	3.0%	Consumption goods	NO	Excluded
6	80520	Mandarins	32.4%	0.8980847	0.0%	3.0%	Consumption goods	NO	Excluded
7	890520	Floating/submersible drilling/production platforms	8.7%	448.3960685	5.1%	8.1%	Capital goods	NO	Sensitive
8	870421	Motor vehicles for the transportof goods (excl. of 8704.10)	12.4%	129.2331803	1.5%	9.5%	Capital goods	NO	Sensitive
9	640299	Other footwear with outer soles & uppers of rubber/plastics	24.2%	31.6376894	0.4%	9.9%	Consumption goods	NO	Sensitive
10	240290	Cigars	26.3%	8.485591	0.1%	10.0%	Consumption goods	NO	Sensitive

***Source:** ECA's computation is based on updated MAcMap-hs6.*