

The Implications of the African Continental Free Trade Area on Intra-COMESA Trade

Stein Masunda²⁸

Abstract

This paper used the structured Gravity model on a panel data of 35 reporting and 48 partners countries over the period 2000-2018 to examine the potential effects of the African Continental Free Trade Area (AfCFTA) on intra-COMESA trade. The study found that implementation of the AfCFTA has the potential to increase intra-COMESA trade by 2.3 times. The study points to the loss of intra-COMESA trade to the rest of Africa by 1.7 times. Notwithstanding trade diversion, the implementation of the AfCFTA has a net overall effect of increasing intra-COMESA trade by 61.6 percent. The study recommended that COMESA to consider aligning its trade policies with the AfCFTA to maximise the AfCFTA benefits; sensitize its producers to maximize on the benefits and opportunities of the AfCFTA implementation; and build their capacity to improve production efficiency to mitigate against the loss of trade to non-COMESA Member States.

Key Words: COMESA, Gravity model, Trade Diversion, Trade Creation, Merchandise Trade