

A [study](#) made by the Common Market for Eastern and Southern Africa (COMESA) and the UNCTAD Secretariat sheds light on one important aspect of regional integration, namely, the effective use of the trade preferences provided by Free Trade Agreements (FTAs) such as the COMESA and SADC FTAs, or the EAC Customs Union, compared to other preferential concessions granted by developed countries, namely: Canada, the European Union, Japan and the United States of America, collectively indicated as “QUAD” countries. The study notes that utilization rates of the preferences established by such RECs are lower than the average registered under preferential concessions granted by QUAD.

A first reason is that Rules of Origin (RoO) in preferential trade regimes established by RECs are generally more stringent and less trade facilitating than those under the tariff concessions given by QUAD countries, which are more liberal. This is indicated as one of the main reason of their low level of utilization by companies.

More specifically, the study finds that in many cases businesses in these RECs find hard to comply to administrative requirements related to the issuance of a proof of origin or to procure the documentary evidence to justify the preferential origin of their goods, with the consequence that they just renounce using these preferences or when they use them, they incur in frequent rejections from Customs of the preferential treatment.

It must be noted that similar conclusions were reached in a recent study from UNCTAD titled “[Getting to better rules of origin for LDCs using utilization rates](#)”, which also raised the difficulty, especially for businesses located in Less Developed Countries (LDCs), to apply cumulation of origin schemes because of the additional and costly administrative requirements in form of documentary evidence they have to fulfil to show that the inputs or working or processing operations carried out in other countries can be used for cumulation, concluding that cumulation is not a substitute for liberal RoO.