



AFRICA TRADE INSIGHT

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MESSAGE FROM THE DIRECTOR

ATPC at Twenty!



By Stephen Karingi, Director, Regional Integration and Trade Division (RITD)

Established in 2003, the African Trade Policy Centre (ATPC) at the United Nations Economic Commission for Africa (ECA) is pleased to launch *Africa Trade Insight*, a quarterly newsletter that aims to serve as a platform for information exchange between the Centre and the trade policy community in Africa and beyond.

Africa Trade Insight is launched at a time when ATPC is preparing to celebrate its 20th anniversary while African trade policy is undergoing dramatic transformation. With the adoption of the Agreement Establishing the African Continental Free Trade Area (AfCFTA

Agreement) in March 2018 and its entry into force in May 2019, the Continent has taken the most decisive step towards realizing one of its most enduring dreams – the creation of a single Pan-African economic space through trade-led continental integration. Remarkably, Africa is doing all this at a time when a pandemic and geopolitical tensions have thrown established global value and supply chains into disarray, and the world trading system underpinned by international trade agreements has been undermined by its own creators.

Since its establishment in 1958, the ECA has been at the forefront of the effort to realize Africa's economic and social transformation. As a specialized Centre housed within the Regional Integration and Trade Division (RITD) of the ECA, the services offered by ATPC to the Continent also fall within ECA's three areas of operational mandate – *policy analysis and advocacy, convening stakeholders and consensus building, and technical cooperation and capacity-building.*

Using its policy analysis function, ATPC has established itself as the authoritative source of original insights and transformative ideas on Africa's trade policy options, scenarios and likely outcomes. Its flagship reports over the years, including *Assessing Regional Integration in Africa (ARIA)* and the *African Regional Integration Index (ARII)*, have informed and shaped the discourse on regional cooperation and integration in Africa, Africa's place in the multilateral trading system administered by the World Trade Organization (WTO), as well as its bilateral trade relations with major trading powers, including the European Union and

The launch of Africa Trade Insight at the start of 2023 coincides with a decisive turn in the continent towards AfCFTA implementation...

the United States of America. ATPC uses ECA's convening functions to help African countries forge consensus around key ideas that have passed the triple tests of intellectual rigour, policy relevance and potential impact on the ground. Finally, ATPC is also active in the provision of advisory and capacity building services to member States and their intergovernmental organizations in the area of trade policy.

The launch of *Africa Trade Insight* at the start of 2023 coincides with a decisive turn in the continent towards AfCFTA implementation that is underpinned by renewed commitment towards “commodity-based industrialization” using African commodities to drive value addition and sustainable industrialization as articulated in the Niamey Declaration of November 2022. To realize this ambition, implementation of the African Commodity Strategy is an essential prerequisite. Against this background, ATPC will intensify its ***work on the issue of commodities in the context of trade diversification.***

In pursuit of the AfCFTA implementation imperative, ECA, through ATPC, has supported its member states develop and execute national AfCFTA implementation strategies. The next step in this respect is to

bring the AfCFTA down to the ground, to the level where small and medium enterprises (SMEs) and women-owned businesses can make use of the opportunities created by the AfCFTA. For this, **a step-by-step guide** on trading under the AfCFTA needs to be developed in each country to ensure producers and traders that cannot afford their own inhouse research and analysis about the AfCFTA have access to accurate, useful, practical and accessible information on how to navigate national bureaucracies and participate in cross-border trade with ease.

An often-forgotten fact is that trade agreements are about the private sector. Government establishes the regulatory framework within which the private sector can engage in production and trade within and between countries. By entering into bilateral, regional or multilateral agreements, governments seek to reduce barriers to trade and investment between their respective territories through reciprocal commitments to remove tariffs and non-tariff measures at the border while harmonizing internal regulations otherwise necessary to enforce public policy choices, such as product quality and safety standards, so as to reduce their trade-restrictive impacts. The purpose behind remains the same – to enable the private sector to invest and trade as freely as practicable and, in the process, to unleash the full potential of trade as an engine for growth and development. ATPC will intensify its work on **the role of the private sector in AfCFTA implementation** that aims to enhance awareness and ownership of the AfCFTA project by the private sector. This will be informed by expanding geographical coverage of the AfCFTA Country Business Index (ACBI).

The effort to realize the full potential of the AfCFTA is fraught with a number of challenges – some internal to Africa; others, external to it. Climate change, outbreak of once-in-a-century pandemics, and increasingly frequent geopolitical crises are current examples for which Africa needs to develop mechanisms for coping and resilience. ATPC, working closely with other Divisions within ECA and continental partners, will further intensify its **work on trade and the environment generally, and trade and climate change** specifically. Moreover, as the Covid pandemic demonstrated all too well, digital trade in goods and services has become an essential tool for survival. In appreciation of this emerging need, ATPC is working closely with partners **to document, catalogue and assess the readiness of African countries to effectively engage in digital trade and e-commerce** with a strong focus on regulations.

Likewise, as things stand today, trade policies adopted by major trading partners, such as the EU, the USA and China, vis-à-vis Africa have the potential to delay, complicate and even derail Africa's integration agenda. To this extent, the AfCFTA must be seen as an instrument not just for the liberalization and harmonization of barriers to intra-African trade but also as a powerful platform for the Continent to forge and pursue a common agenda with respect to its trading partners. Using its policy analysis and advocacy functions, **ATPC will continue to work with the Africa Group of Ambassadors in Geneva, Brussels and Washington DC to make the case for Africa to use the AfCFTA as a platform to speak in one voice** on all matters of trade governance at all levels.

Implementation, coherence between regional and continental integration efforts, and institutional capacity at national, regional and continental levels remain the major internal factors that will determine the success of the AfCFTA project. The external factors illustrated above are important, but they are only secondary to these internal factors. To this end, ***ATPC will build on its strong working relationships with the AfCFTA Secretariat, the AU Commission, and the Secretariats of regional economic communities (RECs)*** to help address these internal challenges. Stronger and deeper collaboration with AUDA-NEPAD and continental development finance institutions, including the AfDB and Afreximbank, will also be built.

Going forward, ***ATPC will work with all partners***, within and outside of the UN family, to reduce duplication and let our scarce resources go the extra mile to maximize impact. Importantly, to support AfCFTA implementation with adequate technical capacity at the national level, there is an acute need to ensure the AfCFTA is part of the curriculum in every school of law, economics, and political science across African universities. To this end, ***ATPC will intensify its engagement with the African tertiary education sector.***

The issues highlighted above are only indicative of the emerging priorities in the ATPC work programme for 2023; they are far from representative of the wide-ranging work

being carried out by ATPC. Let me conclude by thanking our development partners whose generous support to and confidence in ATPC has made it possible for us to do all this and more. The Government of Canada has been there since 2003, for which we are immensely grateful. The generous support of the EU made it possible for ATPC to support the development of national AfCFTA implementation strategies in over two-thirds of African countries. Support from the Danish Government has enabled us to examine the environmental implications of the different protocols that make up the AfCFTA package. Thanks to generous financial support from Afreximbank, and in collaboration with the AUC, we are finalizing the development of a sophisticated methodology to understand the form and magnitude of informal cross-border trade (ICBT) in Africa. Finally, the success of ATPC's work is measured by the quality of ideas it generates, the extent to which those ideas are put to practical use by its member states and their inter-governmental institutions, and their contribution to the growth of intra-African trade that is conducive for inclusive and sustainable development. For this, we are immensely grateful to the trust and confidence of our member states, the AfCFTA Secretariat, the AU Commission, and all other institutional stakeholders on the Continent.



LEAD STORY

AfCFTA IMPLEMENTATION – THE NEXT FRONTIER: ATPC'S ENDURING ROLE



By Antonio Pedro, Acting Executive Secretary, ECA

The African Continental Free Trade Area (AfCFTA) project has captured the attention of African and global leaders like no other. Conceived, negotiated, adopted, and ratified in record time by record number of countries, Africa has placed its hopes and aspirations in the AfCFTA for much more than increased intra-African trade. For Africa, the AfCFTA is at one and the same time:

- A strategic weapon with which to tackle developmental challenges associated with market fragmentation;
- A response to market disruptions, economic shocks, and structural vulnerabilities resulting from wars, pandemics, climate change and similar global challenges; and
- Evidence of global leadership at a time when rules-based multilateralism is being systematically dismantled and replaced with power-based bilateralism and regionalism.

It is thus no wonder that the AfCFTA has become the centre of continental and global attention today. With a two-year old Secretariat based in Accra, Ghana, the AfCFTA is fast consolidating its institutional framework as envisaged under the AfCFTA Agreement and the three protocols – on goods, services, and

dispute settlement. This young institutional structure is already playing a central role in the effort to operationalize the Agreement and complete the ongoing negotiations on Phase II issues of competition policy, investment, intellectual property, digital trade, and women and youth in trade.

The next task is the all-important one of translating the AfCFTA from a package of reciprocal legal commitments exchanged between State Parties into concrete national administrative measures, institutions and practices that confer enforceable rights on private sector participants in every country. As I have noted previously, ours is a Continent that “does not suffer from the lack of good blueprints and visions, but has serious deficits in implementation.” This is where we must all concentrate our efforts and resources. We need to see intra-African trade on AfCFTA-based preferential terms become the norm on the Continent.

Development of the nuts and bolts necessary to make this happen are well underway. The negotiations on the rules of origin that determine the “nationality” of products that benefit from AfCFTA-based preferences are near the end point, with textiles and automotive as the only remaining sectors.

Over forty countries have submitted detailed and product-specific schedules of tariff concessions that will dictate the pace at which tariff barriers are to be dismantled for intra-African trade in goods over the agreed implementation period. The AfCFTA Secretariat-led *Guided Trade Initiative* has already seen shipments between some African countries of some of these goods. Equally detailed and specific commitments have been submitted, which will determine the pace of liberalization of trade in five priority services sectors (financial services, transport, telecom/information technology, professional services, and tourism) across African borders.

ECA's African Trade Policy Centre (ATPC) has been there since the conception of the idea of the AfCFTA: it was part of the team that made the case for the Boosting Intra-African Trade initiative; it assisted in the negotiation and preparation of the legal instruments; it campaigned for the adoption, ratification, and entry into force of the AfCFTA Agreement; it is actively engaged in supporting its implementation today; it will be there to support the consolidation and development of the AfCFTA and its evolution into a customs union and more.

In the past couple of years, the focus of ATPC work on implementation has been centred around three pillars: (1) conducting data-driven empirical analysis to make the case for the AfCFTA in terms of its impact on intra-African trade, national and Continental GDP, and poverty alleviation; (2) leading or supporting the establishment of innovative tools and mechanisms that facilitate intra-African trade, such as through the Africa Trade

Exchange (ATEX), and the AfCFTA Country Business Index (ACBI); and (3) supporting States Parties in the development of their national AfCFTA implementation strategies.

These are all worthwhile exercises, but they are not enough on their own. A lot more work needs to be done, and ATPC remains well placed to continue to play a leading role therein.

First is dissemination of information about the AfCFTA itself and what it means for African businesses, governments, workers, and consumers. We need to demystify the AfCFTA. Information and knowledge about the AfCFTA are prerequisites for the realization of its abundant promises. To achieve this, the AfCFTA needs to become a topic of regular columns and debates in every important newspaper and a subject of discussion in every college classroom on the Continent, if not a topic of dinner-table conversation in every private household.

Second, in order to turn the promise of the AfCFTA to reality, we need to encourage and support our Governments to implement their commitments. As we provide support, we also need to hold them to account for it. When our Governments signed and ratified the Agreement, they exchanged vows reciprocally amongst themselves, but they also made a collective promise to all of us Africans as a community; they promised to put in place the right policies, institutions and procedures to enable us to trade with one another with ease and confidence, and to grow together. If we are to take our governments seriously, as we must, our governments also need to take their promises to us seriously and deliver on them.

Third, as we do all this, we must also appreciate that what Africa is trying to do is not easy. Our governments have demonstrated the political will and the courage to do the right thing, but that does not imply they also have the resources and/or the capacity to translate their collective decisions into actual institutions and administrative processes on the ground easily. Two potential intervention areas identified in most, if not all, the national AfCFTA implementation strategies completed to date focus on the need for building awareness about the AfCFTA and the meaning of the Continent-wide market that it aims to create, and the legislative, institutional and administrative reforms necessary to retune long-established systems and processes towards supporting AfCFTA implementation.

Fourth, as we work together to build the capacities of State Parties to implement their AfCFTA commitments, we must also invest in building the capacities of the AfCFTA Secretariat, the AU Commission and the Secretariats of Regional Economic Communities (RECs), which are critical for AfCFTA commitments to translate into increased intra-African trade.

AfCFTA is ... about creating the political and institutional platform through which Africa can articulate its collective interests on global issues of significance and assert them speaking in one voice.

Finally, in focusing on AfCFTA implementation, we must not lose sight of the fact that the AfCFTA is more than just about intra-Africa trade. It is about creating a single market internally and, eventually, about creating the political and institutional platform through which Africa can articulate its collective interests on global issues of significance and assert them speaking in one voice. That is why ATPC's work situates Africa's trade interests within the global context and continues to undertake research on emerging and frontier issues of significance to the AfCFTA.

THEMATIC UPDATES



AfCFTA SUCCEEDS WHERE TRADE IS ENVIRONMENTALLY FRIENDLY

By Jason McCormack

I ncreasing climate variability has left the world adrift. Recently, floods have inundated Pakistan, drought has stricken China, and water levels are historically low in some parts of North America. Within Africa, floods have wreaked havoc in South Africa and South Sudan while drought in Eastern Africa has amplified food shortages and malnutrition. At just 3.8 percent of total global emissions in 2020, Africa is the smallest contributor to the problem, but suffers the most from the negative effects of climate change and environmental degradation.

Increased economic activity typically leads to higher amounts of greenhouse gases being released into the atmosphere. With the start of trading under the AfCFTA, economic activity in Africa is widely expected to grow. While this would also imply a proportionate increase in Africa's share of emissions, Africa today has an unparalleled opportunity to mainstream environmental policy into its trade and industrial policy and pursue a green transition agenda. Africa must not only adapt to a changing environment but also take bold action to mitigate its impact and provide global leadership in the climate arena.

The Africa Trade Policy Centre (ATPC) of ECA is actively engaged with its member states and the AU institutions, including

the AfCFTA Secretariat, in the effort to identify the environmental opportunities and challenges the AfCFTA Agreement presents. ATPC increasingly integrates environmental considerations into its work through several initiatives that aim to promote green development. For example, ATPC is about to launch a Strategic Environmental Assessment (SEA) of the AfCFTA, which will identify the environmental opportunities and challenges emanating from the AfCFTA Agreement and propose strategies on how to maximize those opportunities while mitigating the challenges.

High-level assessments of this nature are beneficial, but it is also pertinent to identify concrete areas of intervention and deliverables in sectors where Member States can feel policy impact over shorter timeframes. To this end, ATPC, in conjunction with UNCTAD, is conducting research to identify green value chains in 20 African countries across the Continent's five regions. This research will inform countries of existing green products where they have a revealed comparative advantage and thus provide data-driven and evidence-based advice for value chain promotion. When countries are armed with information that feels closer to home it is more likely they will embrace such initiatives.

The environmental implications of trade are highly complex. Therefore, the work of ATPC in this area goes further than just reviews and targeted interventions. The Centre also has work streams to model climate and trade interlinkages, to identify investor concerns in green sectors, and to promote innovative mechanisms that make green finance more attractive. ATPC also works closely with Regional Economic Communities (RECs) where it organizes training forums on green opportunities on the ground.

Finally, Africa must be part of the global conversations on the environment. In this sense, ATPC, and ECA more broadly, played a major role in making COP27 a success and ensuring Africa stands to benefit from the discussions coming out of the Conference. With the strapline 'Together for implementation,' COP27 was the 'African COP', and not just because it took place on the African Continent

but because of the expectation that African priorities in the climate change discourse will be front and centre of the discussions. ECA participated in various sessions including those on climate finance, food and water security, owning the climate agenda through Nationally Determined Contributions, and others. At COP27 policy makers focused on implementing a just transition in Africa that leaves no one behind. Critically, policy makers have focused on addressing the systemic issues that have plagued Africa's ability to obtain critical components of a green transition like affordable finance or the investment needed to build a renewable future.

Africa's future is a bright one and the next decades stand to be transformational. ATPC stands with Africa in its efforts to establish a Continental trading system that underpins sustainable development.





TRADE CAN PROMOTE PEACE, SECURITY AND DEVELOPMENT IN AFRICA

By Simon Mevel

Africa's governance, peace and security landscape has continued to present a mixed picture, with progress in some countries and regions, stagnation in others, and retrogression in yet others, with grave implication for the AfCFTA. The African Trade Policy Centre (ATPC) of ECA commissioned a study entitled “Realizing the Triple Nexus And Trade: Towards A New Agenda For Africa” to explore the contribution of trade in the transition from fragile, unstable and emergency contexts to sustainable development within the framework of the triple humanitarian-development-peace nexus. This report adds another layer to the Triple Nexus debate by assessing whether and how the ongoing efforts to boost intra-African trade could also help to achieve humanitarian, development, peace and security objectives.

The report reveals that conflicts in Africa are taking place in different regions across varying levels of integration, but African countries in the Sahel region are particularly vulnerable.

From the analysis, it is clear that the relationship between trade flows, peace and development depends on the interplay of multiple variables that connect local, national, regional and global dynamics. A key recommendation on how trade reforms can best support the Triple Nexus in Africa, particularly in the context of the AfCFTA, is that there is a need to facilitate integration and value chain linkages by strengthening supply capacity and consistency in conflict and disaster affected countries.

The report was presented on the eve of the African Union Policy Conference on Promoting the Peace, Security, and Development Nexus, which was held in October 2022 in Tangier, Morocco. The Conference reaffirmed the strong linkages between the Peace, Security and Development nexus. It also stressed the role of the border communities in promoting regional integration and the linkages between intra-African trade, industrialization, infrastructure development and peace.





LISTENING TO THE PRIVATE SECTOR: THE AfCFTA COUNTRY BUSINESS INDEX (ACBI)

By Wafa AIDI

The Russia-Ukraine crisis is derailing Africa's slow recovery from COVID-19. However, the AfCFTA holds incredible promise to shape Africa's economic future and build resilience to shocks. The AfCFTA could boost Africa's overall GDP by \$55 billion when fully implemented. To deliver on these promises, the participation of the private sector, especially women-owned businesses and small and medium size enterprises (SMEs), is critical.

Cognizant of this catalytic role, ECA developed the AfCFTA Country Business Index (ACBI) as a key instrument through which businesses can articulate their main trade challenges to policy makers. The Index assesses the perceived impact of the AfCFTA on the private sector's ability to trade and invest across African borders. The ACBI is today positioned as a business enabler under the AfCFTA with key partnerships with the UN Global Compact, the AfCFTA Secretariat, the United Nations Development Coordination Office (UN-DCO) and UN Women.

After its piloting phase, the ACBI has been rolled out in seven countries, namely Angola, Côte d'Ivoire, Gabon, Kenya, Namibia, Nigeria, and South Africa. In its second rollout phase, the ACBI was rolled out in six

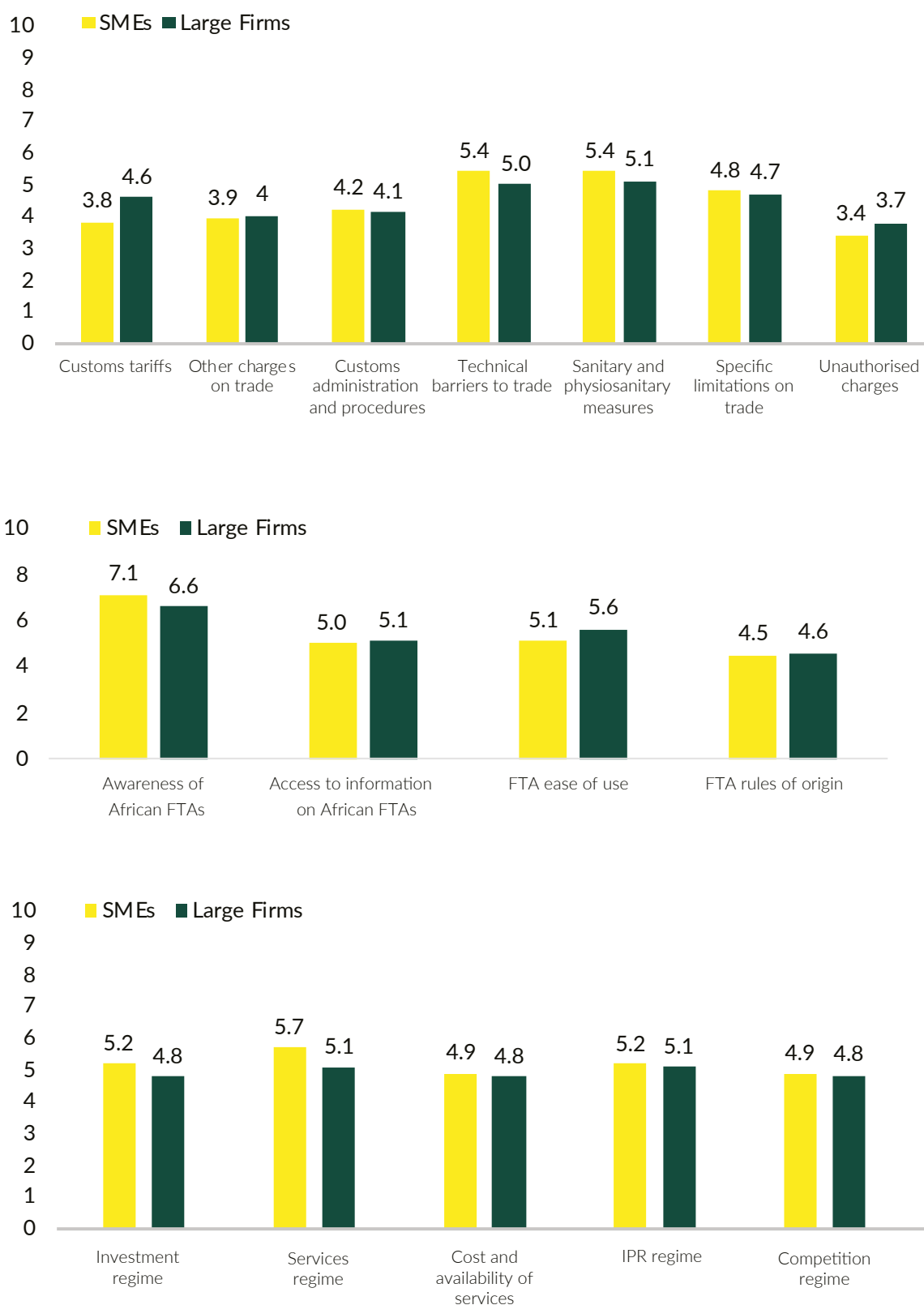
additional countries, namely the Democratic Republic of Congo, Egypt, Morocco, Rwanda, Senegal, and Tunisia.

The findings revealed that the clearest impediments for SMEs are related to tariff barriers (customs duties), additional charges and unauthorized charges. Similarly, focusing strongly on reducing bribery and corruption along trade routes and at ports could reduce the overall cost of trading for SMEs. (Figure 1)

Further, the ACBI results also show a clear distinction in perceptions between businesses owned by women and those owned by men. Overall, trading across borders appears to be more challenging for women-owned businesses.

From that perspective, the ACBI can evaluate and monitor the inclusiveness of AfCFTA implementation at national, sub-regional, and continental levels and can be utilized to inform the formulation and monitoring of AfCFTA national strategies, namely the effectiveness of trade policies in supporting SMEs and adequate gender mainstreaming in AfCFTA trade strategies. This is key to ensure the AfCFTA can deliver on its expected gains in terms of sustainable development and support AU's Agenda 2063 and the 2030 Agenda for Sustainable Development.

Figure 1 Overall perceptions: SMEs versus Large firms, by sub-dimension



Source: ECA based on ACBI survey

To learn more about the ACBI, please visit

<https://repository.ECA.org/bitstream/handle/10855/47540/b12000322.pdf?sequence=1&isAllowed=y>

MAKING THE AfCFTA WORK FOR WOMEN: ATPC'S FOUR-DIMENSIONAL APPROACH

By Nadia Hasham & Amrita Bahri



The importance of women to the AfCFTA cannot be overstated. The distributional outcomes of trade agreements can vary between women and men, because they play different roles in society, markets and economies. Accordingly, the AfCFTA, which is set to transform the Continent's economic landscape, will also affect the economic realities of women and men across various identities differently.

At the same time, the benefits of the Agreement will not be fully realized without the full participation of women in their various economic roles. It is, therefore, crucial to ensure that the Agreement works equally for everyone, including women. For this purpose, it is imperative to take a gender perspective in negotiating AfCFTA protocols. But what does it entail to adopt a gender perspective, and how can the upcoming Protocol on Women and Youth in Trade provide a mechanism for making AfCFTA work for women?

ECA, through its African Trade Policy Centre (ATPC), seeks to address these questions through four dimensions:

1. Assessing the international and sub-regional practice and experience and drawing lessons that can work for the Continent;
2. Identifying and proposing the types of interests and roles of women that

could inform the negotiations towards the Protocol;

3. Defining and explaining the scope of such commitments; and
4. Proposing options for legal drafting language reflecting varying levels of commitment.

The result of this exercise will come out in the form of issues papers and policy briefs outlining the possible scope, language, practice examples and key focus areas for the Protocol. To this end, the team has designed a framework for consultations with business associations and negotiators to inform the Protocol and facilitate public-private dialogues as well as tools for negotiators to determine the optimal level of commitment to be embodied in specific legal provisions.

Previous consultations jointly convened with the AfCFTA Secretariat, business associations, and partners have helped to refine this approach and identify the gaps. In support of the preparatory phase of developing the Protocol, a conference, hosted by H.E. President Samia Suluhu of Tanzania, and themed: "Women and Youth: The Engine of AfCFTA Trade in Africa", was organized by the AfCFTA Secretariat in partnership with ECA and others from 12 to 14 September 2022. The Conference brought together key stakeholders and experts who helped identify

the critical issues that affect women and youth in trade, which may be addressed in the Protocol.

The Protocol on Women and Youth in Trade provides a critical opportunity to bring an inclusion dimension into the AfCFTA and ensure that the gains from the Agreement are maximized and fairly distributed. It is also a

chance for Africa to provide global leadership on the approach to gender mainstreaming in trade agreements. ECA is committed to supporting the AU Commission, the AfCFTA Secretariat, the RECs, and the State Parties to the Agreement in realizing this potential through this innovative Protocol.



QUALITY ASSURANCE INFRASTRUCTURE AS A CRITICAL ENABLER OF THE AfCFTA

By Laura Naliaka

Trading under the African Continental Free Trade Area (AfCFTA) officially began on 1 January 2021. However, the lack of robust quality assurance infrastructure in some of the State Parties for metrology, testing, verification, inspection and certification of products through conformity assessment procedures that are compliant with internationally accepted requirements could be a stumbling block towards harnessing the full potential of the AfCFTA.

According to AfCFTA's Annex 6 on technical barriers to trade (TBT), State Parties are required to facilitate trade within the AfCFTA through cooperation in the development and implementation of standards, technical regulations, conformity assessment procedures, accreditation, metrology and enforcement activities.

Quality assurance infrastructure will therefore be instrumental in enhancing firms' competitiveness and access to new export markets under the AfCFTA through ensuring that the products meet the quality specifications. Compliance with standards and technical regulations send a powerful signal as to the quality and safety of goods being produced and traded. This, in turn, helps to promote trade and industrialization by helping boost consumer confidence in traded goods, enhance productive efficiency and competitiveness, facilitate the integration of firms into regional and global value chains, and contribute to technology absorption and upgrading.

In light of this, ECA, in collaboration with partners such as the African Organization for Standardization (ARSO), supports

several AfCFTA State Parties to develop their quality infrastructure. A pilot project has been launched in Burundi to support the establishment of quality assurance infrastructure through targeted initiatives that will strengthen the country's capabilities in the

development, implementation and verification of compliance with technical regulations and standards. It is envisaged that, once established, the services of the quality infrastructure in Burundi will be available to help other countries in the sub-region.



THE WTO'S 12TH MINISTERIAL CONFERENCE (MC12) AND ITS TRIPS WAIVER DECISION – IMPLICATIONS FOR AFRICA

By Jacqueline Pimer and Melaku Desta



The World Trade Organisation (WTO) held its 12th Ministerial Conference (MC12) in Geneva, Switzerland, from 12 to 17 June 2022, where it adopted an important decision to waive certain obligations of the WTO Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) relating to COVID-19 vaccines.

In preparation for the Ministerial, the African Ministers of Trade (AMOT) had forwarded nine points for discussion that centred around the impact of the TRIPS Agreement on Africa's ability to develop and produce Covid-19 vaccines and other therapies and equipment essential to fight the pandemic.

The TRIPS Agreement was originally designed to strike a balance between the interests of inventors and generators of intellectual property on the one hand and the wider society on the other. In this particular area, the key issue centred around patent rights conferred on drug manufacturers, which effectively led to denial of access to life-saving medicines in some of the poorest developing countries that can neither afford to pay the high monopoly prices, nor manufacture their own vaccines.

The Decision was recognized as an encouraging outcome and an important first step on which WTO members should build. At the same time, and compared to the ambition contained in the original TRIPS

waiver proposal put forward by India and South Africa that was supported by the Africa Group at the WTO, the final decision remains a cause for concern.

The Decision essentially does three things:

1. It allows developing country Members of the WTO with existing technical capacity to authorize the use of patented products or processes essential for the production and supply of COVID-19 vaccines without the consent of the right holder, and indeed without even the need to make efforts to obtain such consent from the right holder;
2. Countries may do the authorization through “any instrument available” under national law, i.e., without necessarily having to pass a legislative act; and
3. Finally, such a country may allow the products manufactured based on the authority of this Decision to be exported to eligible third parties.

From the perspective of African countries, the Decision falls short on many counts. First, its scope is limited to COVID-19 vaccines; it does not apply, for example, to Covid diagnostics and therapeutics, which are left for future determination.

Secondly, and related to the above, the flexibility applies only to the extent necessary to address the COVID-19 pandemic; it cannot be relied upon if another pathogen strikes tomorrow.

Thirdly, the flexibilities contained in the Decision are valid only for a five-year period; any extension is subject to future negotiations and decisions.

Finally, the Decision applies only to patents to the exclusion of other intellectual property barriers such as trade secrets.

Africa’s challenges in the area of vaccine production go a lot deeper than a limited waiver. Building research and development capacity, along with the infrastructure and skills necessary to manufacture such products is the only way out of Africa’s predicament. Covid has taught Africa an essential, though expensive, lesson; we need to learn it. The AfCFTA has given us an exceptional platform on which to launch a transformational research, development and manufacturing agenda; we need to seize it.





AFRICAN UNION SUMMIT ON INDUSTRIALIZATION AND ECONOMIC DIVERSIFICATION

By Souleyman Abdallah

The AfCFTA will create a continent-wide market embracing 55 AU member states with 1.4 billion people and a combined GDP of over US\$ 2.7 trillion. It is also designed to “promote industrial development through diversification and regional value chain (RVC) development” (AU 2018) as part of a wider ambition to change the economic model from exporting primary products to creating jobs and increasing “self-sufficiency”. The COVID-19 pandemic and its disruption of global supply chains has brought to the fore the urgency of the need for Africa to industrialize.

Africa’s industrialization prospects are contingent on unleashing the growth of micro, small and medium-sized enterprises (MSMEs), guided by the African Union SMEs Strategy. Therefore, it is quite reassuring and encouraging to see the commitment of African governments to create enabling conditions that promote the formalization and growth of MSMEs, contributing to the Continent’s industrialization efforts.

Africa’s structural economic transformation is at the core of Agenda 2063. To translate this aspiration to reality, the 33rd Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU) held in February 2020 requested the African Union Commission (AU Commission), in

collaboration with UNIDO, ECA, AUDA-NEPAD and the Afro-Champions, to organize a Summit on Industrialization and Economic Diversification in November 2020.

Due to the Covid-19 pandemic and attendant risks and mitigation measures, the organizing partners agreed to defer the Summit to November 2022, with a theme of “Industrializing Africa: Renewed Commitment towards Inclusive and Sustainable Industrialization and Economic Diversification”. The summit was later renamed as the *Extraordinary Summit on Industrialization and Economic Diversification coupled with an Extraordinary Session on the AfCFTA*.

The Summit was held in Niamey, Niger, on 25 November 2022, crowning what has been established as an annual Africa Industrialization Week (AIW). The latter provides an opportunity to key stakeholders to reflect on Africa’s industrialization and its current status on an annual basis.

To achieve the objectives of the AfCFTA, Africa’s industrialization and transformation agenda needs to be supported and championed at the highest national, regional, continental and global levels. Such a focus will be key to accelerating efforts in a number of key policy areas – such as energy and road infrastructure, trade facilitation, financial sector development, education and skills

development, agro-industrial transformation, green industrialization, and technological innovation and transformation.

What is critical at the moment for Africa is to rejuvenate its industrialization agenda, drawing on lessons from previous programmes and taking cognizance of current and evolving social, economic and political trends and developmental needs.

The African Union *Extraordinary Summit on Industrialization and Economic Diversification and the Extraordinary Session on AfCFTA* highlighted Africa's renewed determination and commitment to industrialization as one of the central pillars in attaining the Continent's economic growth and development goals as articulated in Agenda 2063 and the 2030 Agenda.



REGIONAL UPDATES



AfCFTA NEGOTIATIONS AND IMPLEMENTATION: THE PROGRESS SO FAR

By Stellah Mushiri

The drive towards Africa's AfCFTA-led integration is gaining in momentum by the day. The AfCFTA Council of Ministers, at a meeting it held in the last week of October in Libreville, Gabon, achieved a major milestone when it adopted the final drafts of the three major phase II protocols to the AfCFTA Agreement – on competition policy, intellectual property, and investment. These draft protocols are expected to be endorsed by the next AU Assembly summit that is scheduled to take place from 16 to 20 February 2023 in Addis Ababa, Ethiopia.

The progress towards completing the AfCFTA package and its expeditious and full implementation is palpable in several other areas, too. To mention just a few examples, the negotiations on rules of origin have made tremendous progress, as have the submission, consideration and validation of national and regional schedules of commitments in goods and of specific commitments in services.

Actual trading in predetermined goods¹ and services selected on the basis of their

importance to value chain development is currently taking place on a limited scale following the launch of the Guided Trade Initiative, through which the AfCFTA Secretariat is facilitating a pilot of eight countries² representing all geographic regions of the Continent. To expedite implementation, participation in the Guided Trade Initiative has since been opened up to include any interested qualifying State Party with an approved schedule of tariff concessions enacted into national laws.

Progress in trade in services negotiations has been slower and more complicated. Yet, progress has been made over the past year with 85% of the signatories of the AfCFTA Agreement have submitted their tariff offers for negotiation, with schedules of tariff concessions for 78% of these countries finalised and ready for implementation. Schedules of specific commitments for a third of these countries have been finalized and are ready for implementation. Actual implementation is imminent following the

1 These include ceramic tiles; batteries, horticulture products, avocados, flowers, pharmaceuticals, palm oil, tea, rubber, and components for air conditioners.

2 These are Rwanda, Cameroon, Egypt, Ghana, Kenya, Mauritius, Tanzania, and Tunisia.

Examples of key instruments/initiatives to support AfCFTA implementation

- Ministerial Directive on the Application of the Schedules of Tariff Concessions provides the legal mandate allowing provisional implementation of the AfCFTA Agreement pending the conclusion of negotiations on the outstanding issues;
- 85% of the signatories of the AfCFTA Agreement have submitted their tariff offers for negotiation, with schedules of tariff concessions for 78% of these countries finalised and ready for implementation;
- Rules of origin for 88% of products and the associated implementation instruments such as a Rules of Origin implementation manual and certificate of origin have been finalised;
- A mechanism for facilitating the identification and removal of Non-Tariff Barriers (NTBs) is already fully operational;
- Information on the preferential rates of duties applicable in the AfCFTA market is readily available in a user-friendly format through the e-Tariff platform, which can be accessed on <https://au-afcta.org/etariff/> ;
- Measures to support and ensure adequate coordination and preparedness of key role players at country level include:
 - Enacting into national law the Provisional Schedules of Tariff Concessions and ancillary documents on Rules of Origin and other harmonised trading documentations and thereafter making their contents widely available to the general public. Among the countries that have already gazetted and published their tariff schedules and other AfCFTA instruments are Cameroon, Egypt, Ghana, Kenya, Mauritius, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia;
 - Capacity building for customs and other border agencies as well as other private and public sector role players;
 - Supporting transitioning to new 2022 Harmonized System; and
 - Supporting the implementation of national AfCFTA strategies and operationalisation of National Implementation Committees.
- The Pan-African Payments and Settlements System (PAPSS) promises efficient and secure flow of money across African borders. Since its commercial launch in January 2022 the PAPSS has been successfully piloted in the West African Monetary Zone (WAMZ) comprising of The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. By July 2022 all central banks in the WAMZ region had been fully integrated and transacting, while over 30 key commercial banks and four payment switches had already signed up. In addition, coverage is currently being extended to include central banks from Eastern and Southern Africa, key commercial banks across the WAMZ, and switches covering West, Central and East Africa. It is anticipated that by the end of 2023, the PAPSS will be operational in all five regions of Africa, with all central banks expected to be signed up by end of 2024 and all commercial banks by end of 2025.
- An Adjustment Facility/Fund has been established to facilitate and support governments and private enterprises to adapt to and effectively participate in trading under the AfCFTA.

adoption of a Ministerial Directive which provides the legal mandate to commence implementation of finalized schedules of specific commitments in the priority sectors, while allowing the start of the next round of negotiations, which will cover additional services sectors. Furthermore, building on its recent successes in the area of goods with the AfCFTA-Guided Trade Initiative, the AfCFTA Secretariat is currently working towards a similar initiative for trade in services.

Significant progress has also been made to develop regulatory cooperation frameworks for the priority service sectors.

Finally, extensive consultations with subject matter experts and other key stakeholders are underway on digital trade (including e-commerce) and women and youth in trade protocols.

GUEST COLUMN



AfCFTA PROMOTES DIGITAL TRADE AND E-COMMERCE

By Muluaem Syoum

The global economy is shifting very rapidly into a connected information space. There is a growing trend around the world towards digitalizing trade. Electronic commerce (e-commerce) is growing both in volume and geographic reach. The use and expansion of information and communication technologies (ICTs) has a bearing on the prospects of Small and Medium-Size Enterprises (SMEs) in Africa, and this fact has been reinforced by the impact of the COVID-19 pandemic. In May 2021, global e-commerce sales reached \$26.3 trillion. The digital economy in general and e-commerce in particular is transforming trade, jobs and skills.

The AfCFTA was signed in March 2018, and ratified by the required number of countries by May 2019. Trading under the AfCFTA formally started in January 2021. The timing of the operationalization of the AfCFTA was remarkable as it inspired the implementation of bold private sector-driven initiatives, despite numerous challenges including increasing protectionism around the world. It was evident that the success of the AfCFTA would, to a large extent, be dependent on measures that Africa takes in facilitating the participation of its SMEs in the use of various digital technologies to trade in the emerging single digital marketplace.

As a step to promoting the use of e-commerce in trade, in January 2021, the African Electronic Trade Group (AeTrade Group), an African Diaspora-led social entrepreneurship initiative, went live with the onboarding of vendors on a Pan African E-commerce Platform, **Sokokuu**. The latter translates to “central market” or “common market” and signifies unity in Kiswahili, a language spoken in East Africa and one of the African Union’s official working languages.

Sokokuu is for public and private sector actors to collectively promote “Made in Africa” products and services and to also support regional value chains. The platform also enables manufacturers and suppliers in different AU Member States to share information on their potential to produce and supply products. It will complement existing platforms in the Continent to exchange information on availability of essential products within the Continent.

Since then, the **Sokokuu** platform has been bringing products and services from entrepreneurs without discrimination against brands. The reaction of small businesses, especially in east, west and southern Africa has been encouraging and there is a plan to scale up to north and central Africa. Over time, the Group expects an evolution of the quality of products and services as the AfCFTA market grows, matures and becomes truly continental in scale and diversity.

The AeTrade is a multi-stakeholder group of African professionals and businesspeople with a vision to develop and implement an e-empowerment program that will enhance intra-and inter-African trade. The group brings together public and private sector partners to develop projects that leverage the power of information and communication technologies (ICTs) for the benefit of Africa’s present and future entrepreneurs.



TRADE AND REGIONAL INTEGRATION HIGHLIGHTS

US-Africa Leaders Summit - The US-Africa Leaders Summit was held from December 13 to 15 in Washington, DC. At the conclusion of the meeting on December 15, the Summit released a [Vision Statement](#) outlining the contours of this strengthened partnership. Ahead of the summit, the White House announced plans to commit \$55 billion in economic, security and health investment in Africa over the next three years and named Ambassador Johnnie Carson as the new Special Presidential Representative for US-Africa Leaders Summit Implementation to coordinate these efforts. [Discussions at the summit](#) focused on building on already existing programmes, including: (i) Prosper Africa - a US government initiative “to increase two-way trade” between African nations and the US launched in 2018; (ii) the Africa Growth and Opportunity Act (AGOA), which provides African products preferential access to the US market; and (iii) the Power Africa initiative launched by President Obama to connect millions of Africans to the national grid. [\(orfonline\)](#) [\(moderndiplomacy\)](#) [\(whitehouse\)](#)

ATEX promises to boost intra-Africa trade - An innovative Africa Trade Exchange (ATEX) platform was developed by ECA and the African Export-Import Bank (Afreximbank), in collaboration with the African Union Commission and the AfCFTA Secretariat. ATEX is a digital business-to-business (B2B) and business-to-government (B2G) exchange platform. Ms. Hanan Morsy, Deputy Executive Secretary

and Chief Economist of the ECA, encourages African countries to use ATEX. Speaking at the presentation of the Platform on the sidelines of COP27 in Sharm El Sheikh, Egypt, on 16 November 2022, Ms Morsy said ATEX will “avail access to essential commodities at affordable prices to African countries that look set to be hit the hardest by the global food price crisis with severe implications on economic and political stability”. Currently 134 suppliers (including 104 African companies) and 249 African buyers have been onboarded on ATEX. The commodities available on ATEX include fertilizers, agricultural products, processed food products and other industrial products. [\(ECA.org\)](#)

Standard Bank Launches Second Edition of Africa Trade Barometer –Standard Bank launched the second issue of its Africa Trade Barometer Report [\(Summary Report\)](#), which tracks changes, both favourable and otherwise, in the opinions of businesses trading in and between 10 African economies. Released in November 2022, Issue 2 of Africa Trade Barometer surveyed the views of 2,554 African businesses in Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia. The themes examined include views on growth prospects, business confidence as well as opportunities and challenges. Survey results also report on current performance, Covid-19 impact and business sentiment on future investment. A

recurring theme across all markets is the centrality of agriculture in Africa. Standard Bank currently plans to issue the Africa Trade Barometer twice a year. ([engineeringnews](#))

Eight African countries kick off trading with 96 products under the AfCFTA - Eight countries commenced trading under the AfCFTA-guided trade initiative (GTI), which was launched in Accra, Ghana, on 7 October 2022. The GTI aims to test the readiness of national AfCFTA structures and processes to support commercially meaningful cross-border trade. The eight countries participating in the initiative so far represent the five regions of Africa and are Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia. “The products earmarked to trade under this initiative include ceramic tiles, batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fiber, among others, in line with the AfCFTA focus on value chain development,” said Wamkele Mene, Secretary-General of the AfCFTA Secretariat. ([au-afcfta.org](#))

Ninety-four value chains to boost intra-African trade - ITC: The International Trade Centre (ITC) launched a report, entitled “Made by Africa: Creating Value through Integration”, during the African Union Summit on Industrialization and Economic Diversification held in November 2022 in Niamey, Niger. The report, which was produced by ITC in close collaboration with the African Union Commission and the European Commission, identifies 94 value chains that are believed to have high potential to support Africa’s

sustainable development, boost intraregional trade and create jobs for women and youth. Pharmaceuticals, baby food, cotton clothing and automotives are among the 94 value chains thus identified. ([intracen.org](#))

Key Developments from COP27: Delegates from nearly 200 countries gathered in Sharm El Sheikh, Egypt, for the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) from 6 to 18 November 2022. One of the most notable achievements of COP27 is the establishment of a dedicated fund for loss and damage to assist vulnerable countries hit hardest by floods, droughts and other climate disasters. Also, leaders from high-income countries made financial commitments to cover the cost of adaptation to climate change in Africa. ([tralac](#)).

The United Nations also unveiled its *Early Warning Systems for All* initiative, which calls for an investment of \$3.1 billion between 2023 and 2027 to increase the understanding of climate-related risks in developing countries to enable response before disaster strikes.

The World Trade Organization, too, launched the *World Trade Report 2022: Climate Change and International Trade* ([wto.org](#)) which analyses how trade, trade policy and international trade cooperation can be a force for good in the fight against climate change.

Finally, South African President Cyril Ramaphosa launched South Africa’s *Just Energy Plan* ([presidency.gov.za/](#)), which covers three sectors for financing: energy, electric vehicles, and green hydrogen.

AU Summit on Industrialization and the African Continental Free Trade Area (AfCFTA) convenes in Niamey, Niger

The 17th Extraordinary Summit of the African Union on Industrialization and Economic Diversification, and the AU Extraordinary Session on the AfCFTA was held in Niamey, Niger, from 20 to 25 November 2022. African leaders reviewed the continent's progress in industrialization, economic diversification, and the AfCFTA in the context of global shocks, debt vulnerabilities, climate change, and security concerns. African leaders adopted firm and far-reaching decisions to accelerate industrialization, economic diversification and trade on the Continent, with full ownership by the citizens. The leaders also called on the AfCFTA Secretariat to support the implementation of the Single African Air Transport Market (SAATM) under the Guided Trade Initiative in collaboration with the African Civil Aviation Commission, African airlines and other relevant stakeholders. Further, the Secretariat is expected to fast-track the implementation of a work programme related to the Annexes on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) measures in the areas of standards harmonization. (au.int)

Ghana Launches AfCFTA Hub to Facilitate Digital Trading, Electronic Commerce

Ghana launched the African Continental Free Trade Area (AfCFTA) Hub to facilitate local participation in digital trading and electronic commerce. The hub will serve as a one-stop shop for all registration and certification processes for businesses and individuals who want to take advantage of the free trade initiative as it will connect them with other major private sector platforms in e-commerce, modern retail, and logistics services. The Hub is also expected to enhance marketplace transactions, accelerate the implementation of AfCFTA, and maximise the corresponding benefits. The hub seeks to expedite collaboration among key national and regional actors and provide a unique code for Small and Medium Scale Enterprises (SMEs) start-ups and other economic actors that would engage in trading under the AfCFTA. ([allafrica](https://allafrica.com))



UPCOMING EVENTS

Title	Date	Venue	Organisation
36th ordinary Session of the AU Assembly (Heads of State and Government Session)	18-19 February	Addis Ababa, Ethiopia	African Union
Africa Business Forum 2023	20 February	Addis Ababa, Ethiopia	ECA
Ninth Session Of The Africa Regional Forum On Sustainable Development	28 February to 2 March	Niamey, Niger (Hybrid)	ECA
Joint launch (digital trade publication and website) and workshop on digital trade regulatory landscape in Africa, Asia-Pacific, Latin America & Caribbean	22-24 February	Bangkok, Thailand	ECA-ESCAP-ECLAC
Africa Business Forum	8-10 March	Cape Town, South Africa	AfCFTA Secretariat
55th Session of the Economic Commission for Africa	15-21 March	Addis Ababa, Ethiopia	ECA

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