

# CFTA Now

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A section designed to promote Africa's Continental Free Trade Area using News, messages, events and commentaries. It's a joint initiative by the Pan African Chamber of Commerce and Industry and Capital.

## CONTINENTAL FREE TRADE AREA

### Presidency gives update on AfCFTA signing

The Presidential Steering Committee on the African Continental Free Trade Area (AfCFTA) Impact and Readiness Assessment will present its recommendations to President Muhammadu Buhari in January 2019.

Presidential spokesman, Garba Shehu, disclosed this in a statement on Thursday.

Nigeria has not yet signed the AfCFTA agreement, which seeks to remove all forms of restrictions to trade and investment flows within the African continent.

However, the country has launched a nationwide stakeholder consultation with the purpose of reflecting a wide range of views in the technical instruments.

It would be recalled that on October 22, 2018 while inaugurating the Committee at the Presidential Villa, President Buhari had charged it to assess the extent to which Nigeria is ready to join the agreement, and what the impact of doing so would be.

The Committee, which was given 12 weeks to conclude its assignment, has held wide consultations with industry groups and stakeholders, including the Manufacturers Association of Nigeria (MAN).

The report by MAN, among others, stated that if Nigeria ratifies the agreement import surges will range from 27.6% for textile, apparel and footwear sub-sector to 180.7% for chemical and pharmaceutical products during the three phases of liberalizing tariff lines with 5% tariff rates.

According to MAN, in contrast, the import surge will be as high as over 2000% in motor vehicle assembly sub-sector over 15 years when 10% tariff rates are liberalised. This will instantly spell doom for the automotive aspect of Nigeria's

National Industrial Revolution Plan (NIRP).

The MAN study also shows differing output, employment and investment effects across manufacturing sub-sectors. For instance, four sub-sectors (Food, beverages and tobacco; wood and wood products; textile, apparel and footwear; and non-metallic) will likely see substantially high rates of increase in imports and import competition coupled with a substantial decrease in output.

Similarly, major changes in employment can be found in three manufacturing sub-sectors: chemical and pharmaceutical products; textile, apparel and footwear; and non-metallic sub-sectors. Some sectors such as electrical and electronics and wood and wood products will lay off workers.

The MAN study goes further to show that huge investments are required in chemical and pharmaceutical products and textile, apparel and footwear sectors, while moderate investments are required in electrical and electronics.

The presidency noted that: "MAN study focuses mainly on 'defensive' dimension of trade in goods (i.e. import penetration). It has not given adequate attention to 'market access' opportunities (i.e. export penetration) and does not include the analysis of trade in services.

"Therefore, another study has been commissioned recently to address the gaps in the MAN study and is expected to be completed by the end of December 2018.

"Once completed, the study is expected to shed more light on the public debate and add value to the work of the Presidential Steering Committee on the AfCFTA Impact and Readiness Assessment."

(Daily Post Nigeria)

### ECA signs €3million agreement with EU for one market

BY our staff writer

The United Nations Economic Commission for Africa (ECA) and the European Union have signed a €3million agreement aimed at supporting national implementation strategies for the continental free trade area.

The establishment of an African trade observatory is also planned, and will be a key pillar of the African Continental Free Trade Area.

The agreement was signed by Vera Songwe, ECA executive secretary, and Neven Mimica, EU commissioner for international cooperation and development.

Songwe also spoke at the high level segment of the Conference, which was holding on the theme: Taking development Cooperation on to the digital age. In her statement, she stressed the need for harmonization as part of the integration process.

"The SDGs demand that we take development to the digital age. We must also integrate the Continent digitally for a more diversified and prosperous Africa," she said.

The African Continental Free Trade Area (AfCFTA) is one of the key priorities of Africa's Agenda 2063 and a flagship project for the

continent. Signed by 49 African countries and 14 countries have ratified and 8 more are needed to reach the threshold of 22.

The AfCFTA aims at providing a single continental market for goods and services, with free movement of people and investments. Its goal is to accelerate Intra-Africa trade through better harmonisation and coordination of trade liberalisation. Through these measures, the establishment of the AfCFTA is expected to gather impetus to boost economic growth and attract investments from both within Africa and the world. The EU has been supporting the AfCFTA negotiations processes since inception.

According to the press statement the support to the African continental free trade agreement is one of the pillars of the recently launched Africa-Europe Alliance for Sustainable Investment and Jobs. The Alliance aims to deepen economic and trade relations between Africa and Europe. The final aim is to support regional economic integration in Africa, to achieve markets that are more integrated, promote intra-regional trade, develop Africa's investment and productive capacity, create decent jobs and improve inter-regional economic infrastructure.

## NEWS UPDATE

### Promoting use of disruptive technology to enhance financial inclusion in Africa

The United Nations Economic Commission for Africa (ECA) is collaborating with the International Financial Corporation (IFC) and Ant Financial (Ant) to promote digital financial inclusion in Africa, through investment and technical capacity building.

Recently, Vera Songwe, ECA executive secretary, led Ant Financial's CEO, Eric Jing, and IFC's VP and Treasurer, Jingdong Hua, to a meeting with President Mulatu Teshome of Ethiopia.

Addressing a group of journalists right after the meeting, Songwe said "Essentially, we were talking (with the

president) about IT and the power of IT for financial, social and political inclusion."

The Executive Secretary noted, "Agenda 2030 and Agenda 2063 say we should leave no one behind, and many people have been asking what happens to SMEs with the AfCFTA. So we are thinking about what platforms we can put together to ensure that not only big companies take advantage of the AfCFTA but also small companies."

Songwe underscored that "We have an opportunity to leapfrog technology for social, financial and political inclusion," adding "today, we are bringing Ant Financial, which has the largest platform for financial inclusion and