



United Nations
Economic Commission for Africa

Rationale for the AfCFTA and Cross cutting issues

**JACQUILINE PIMER – AFRICAN TRADE POLICY CENTER
@ REGIONAL INTEGRATION AND TRADE DIVISION
JACQUILINE.PIMER@UN.ORG**



PRESENTATION FORMAT

- ❖ Why the AfCFTA is important for Africa?
- ❖ Why AfCFTA Implementation Strategies?
- ❖ Why is the Media important for the AfCFTA appreciation i.e. Cross cutting issues of concern

MARGINALIZATION OF AFRICA IN WORLD TRADE

- ❖ Africa's share of world exports: **2.5% in 2018**, lower than its share of global GDP (3%)
- ❖ Africa's exports are concentrated in a few unprocessed commodities
- ❖ Africa's marginalization due largely to its own trade policies
- ❖ Restrictive transport policies and deficient infrastructure also limit African exports by raising trade costs

The Main goal of AfCFTA is increase intra-Africa trade from (average) of 15%

WHAT IS THE AFCFTA IN CONCRETE TERMS?

- ❖ African businesses, traders and consumers will **no longer pay tariffs** on a large variety of goods that they trade between African countries;
- ❖ Traders will have a mechanism to resolve/seek removal of **non-tariff barriers**;
- ❖ **Cooperation between customs authorities** over product standards and regulations;
- ❖ Service suppliers will **not be discriminated** against: no less favorable treatment than domestic suppliers;
- ❖ **Regional value chains** will be created in which inputs are sourced from different African countries to add value before exporting externally;
- ❖ The AfCFTAs tariff liberalization also stands to increase access to **cheaper raw materials and semi-finished goods**, and more open borders will increase the scope for smaller businesses to supply inputs to larger export-oriented industries
- ❖ Businesses and individuals will be able to satisfy the regulatory requirements of operating in each other's markets on basis of **mutual recognition of standards**, licensing and certification of service suppliers

Phase I Negotiations

1. Trade in Goods:
 - a. 43 tariff liberalization offers submitted, 29 technically verified
2. Trade in Services:
 - a. 46 offers of services liberalization have been submitted for technical verification
3. Rules of Origin:
 - a. 88% ROO Agreement
 - b. Automotive and Textile sectors need to be finalized

Phase II Negotiations

1. 5 Protocols:
 - a. Competition Policy
 - b. Investment Policy
 - c. Intellectual Property Rights
 - d. Digital Trade
 - e. Women and Youth in Trade
2. Protocols on competition, investment and IPR **nearing conclusion**
 - a. May be endorsed at 17th Extraordinary session of the Assembly of the AU Heads of State and Government in Niamey Niger in November

AfCFTA Guided Trade Initiative

1. The AfCFTA Guided Trade Initiative was announced in July 2022 at the 9th meeting of the Council of Ministers to start trading under the preferences of the AfCFTA Agreement
2. Participation in the initiative officially began on 7 October with 8 State Parties (Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, Tunisia)

Products Identified:

- Batteries
- Coffee & tea
- Ceramic tiles
- Processed meats
- Corn starch
- Sugar
- Pasta
- Glucose syrup
- Dried fruits
- Sisal fiber

Why AfCFTA Implementation Strategies?

- ❑ States Parties undertake deliberate actions:
 - ❑ development of integrated strategies and policies
 - ❑ institutional frameworks
 - ❑ at national and regional levels.
- ❑ Conference of African Ministers of Finance, Planning and Economic Development - May 2018 - ECA given mandate to support in development of AfCFTA-specific national strategies.
- ❑ Reiterated at the African Union Summit, held in Nouakchott in July 2018
- ❑ Guide to developing AfCFTA Implementation Strategies (AUC and ECA)
- ❑ Step by Step Guide to gender mainstreaming

Why AfCFTA implementation strategies are important

Knowledge generation and transfer

- Guidelines to develop AfCFTA strategies
- AfCFTA impact studies
- National and regional diagnostics reviews
- Sectoral assessments, policy briefs, etc.

Cross-cutting issues

- Gender
- Youth employment and technologies
- Environmental issues and climate change
- Urbanization, etc.

Stakeholder engagement

- Integrated and participatory approach (public and private actors, CSOs, academia, etc. at national and regional level)
- Partnerships & Multistakeholder dialogues, etc.

AfCFTA National Strategies

Objective: Complement a broader development framework, especially trade policy environment, of each State Party to the Agreement and facilitate identification of trade opportunities, current of national, constraints and steps required to take full advantage regional and global markets within the AfCFTA context;

Regional strategies to support implementation in an integrated and coordinated manner

National AfCFTA Implementation Strategies

Key components of National Strategies include:

- Macroeconomic Framework, Production & Trade
- AfCFTA Situational Analysis
- AfCFTA-related Risks and Mitigation Strategies
- Identification and Prioritization of production and trade opportunities
- Constraints to overcome and strategic action thereto.

Cross cutting issues include - Gender mainstreaming, technologies or eCommerce, environment.

ECA advocates integrating a **Monitoring and Evaluation Framework** and a **Communication and Visibility Plan** into National Strategies.

AfCFTA National Implementation Committees (SMEs, ICBT, Women, Youth, PWD).

❖ Report on the AfCFTA – what it is and progress updates;

❖ <https://au-afcfta.org/> - The AfCFTA website e.g., phase II protocols

❖ <https://www.uneca.org/african-trade-policy-centre> - ECA / ATPC website e.g., on economic trends

❖ <https://www.tralac.org/> - Academia e.g., TRALAC

❖ Report on the AfCFTA Implementation Strategies of Eswatini;

❖ The action plan – part of the M&E of the implementation

❖ Various groups like women, youth and politicians

❖ Report on the cross cutting issues;

❖ eCommerce,

❖ Growth and developments projections due to the AfCFTA

❖ Dispute settlement;

Other Reporting - AfCFTA Opportunities

The AfCFTA is expected to have positive impact on Africa's global GDP, trade, output and welfare

Intra-African trade creation would also lead to an improvement in Africa's output

Percentage change in intra-African trade, by main sectors with AfCFTA implemented in 2045 as compared to baseline (i.e. without AfCFTA)

41.1%
Agrifood

39.2%
Services

39.0%
Industry

16.1%
Energy/Mining

At sub-sectoral level, the most notable increases in intra-African trade, with positive output variations are to be found in:

Cereals and crops, milk and dairy products, sugar, processed food



Tourism and transport



Wood and paper, chemicals, rubber, plastic and pharmaceutical products, vehicles and transport equipment, metals, other manufactured products



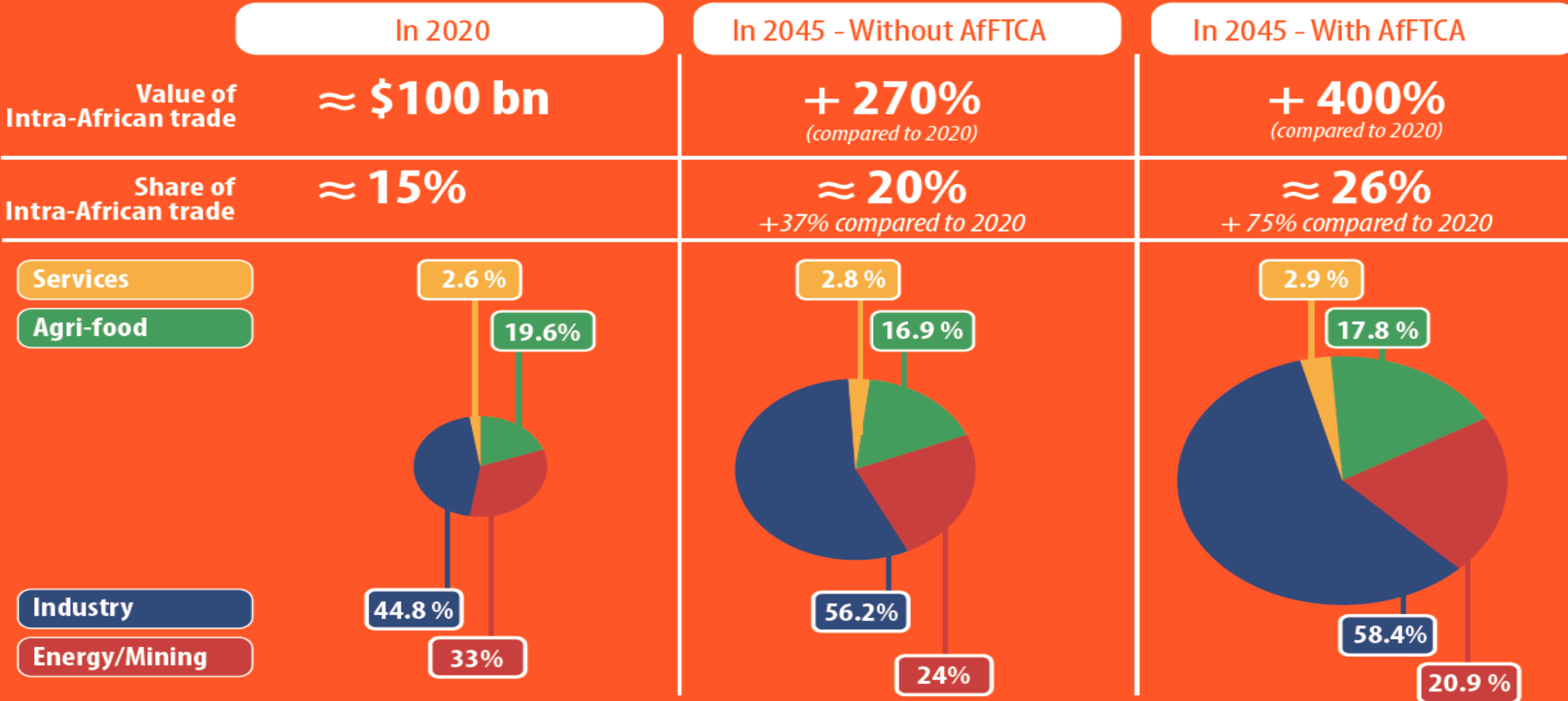
Refined oil



Expected benefits in refined oil need to be analyzed carefully, in light of environmental concerns associated with CO2 emissions from fossil fuels

Source: ECA (https://uneca.org/sites/default/files/keymessageanddocuments/en_afcfta-infographics-11.pdf)

Benefits centered on intra-African trade



Source: ECA&CIEM-CEPII's calculations based on MIRAGE-e

Projected Poverty impact (National level)

[based on international poverty line – Extreme poverty or low-income countries (\$1.9/day/person)]

Evolution of poverty rate - % (initial & without vs. with AfCFTA)

	Initial Poverty rate	2045	
		Without AfCFTA	With AfCFTA
Cote d'Ivoire	28.2 (2015)	7.0	5.7
Ethiopia	27.2 (2018)	21.4	20.7
Tanzania	49.2 (2016)	18.4	18.2
Uganda	41.7 (2016)	11.0	10.9
Senegal	32.5 (2018)	2.6	2.5
Kenya	36.8 (2016)	10.6	10.6
Zimbabwe	33.9 (2017)	3.5	3.5
Cameroon	23.8 (2017)	7.6	7.6
Rwanda	55.5 (2016)	15.6	15.6
Morocco	1.0 (2014)	0.3	0.3

- The AfCFTA is expected to help reduce poverty across Africa.
- If the overall impact may be relatively modest, it varies across countries, within the population and based upon socio-economic characteristics.
- For example, women living in rural areas with limited education and employed in the informal sector would benefit the least from current Agreement, based on ECA's analysis.
- Negotiations on AfCFTA Protocol for Women & Youth in Trade are critical to ensure a more inclusive Agreement.

Source: ECA (forthcoming)

REPORTING ON CHALLENGES

- ❖ Tariffs charges (tariff liberalization) on goods between African countries;
- ❖ Non-tariff barriers;
- ❖ Product standards and regulations;
- ❖ Discrimination against foreign service - no less favorable treatment than domestic suppliers; mutual recognition of standards, licensing and certification of service suppliers
- ❖ Regional value chains;
- ❖ Dispute settlement



United Nations
Economic Commission for Africa

THANK YOU

JACQUILINE PIMER – TRADE EXPERT

AFRICAN TRADE POLICY CENTER

@ REGIONAL INTEGRATION AND TRADE DIVISION

ADDIS ABABA, ETHIOPIA

JACQUILINE.PIMER@UN.ORG

