

# Foreword

The Continental Free Trade Area (CFTA) is the first flagship project of the African Union's Agenda 2063 and a key initiative in the industrialization and economic development of the continent. It has the potential to boost intra-African trade, stimulate investment and innovation, foster structural transformation, improve food security, enhance economic growth and export diversification, and rationalize the overlapping trade regimes of the main regional economic communities. Fundamentally, the CFTA aims to provide new impetus and dynamism to economic integration in Africa.

While Africa exports mainly commodities to the rest of the world, intra-African trade displays high concentrations of value-added products (and services). It is therefore of particular value to Africa's development. In recent years, intra-African trade has contributed to 57 per cent of the growth in Africa's exports of capital goods, 51 per cent of processed food and beverages, 46 per cent of consumer goods, 45 per cent of transport equipment and 44 per cent of processed industrial supplies. The CFTA provides a legal arrangement through which this promising trend can be extended to generate win-win gains for all participating African Union Member States.

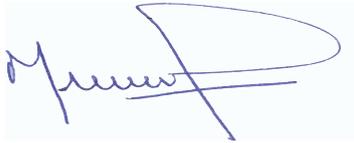
Against this background, *Assessing Regional Integration in Africa VIII* is dedicated to "Bringing the CFTA About." After providing a status update of regional integration in Africa, the report considers how to ensure that the potential of the CFTA is fulfilled.

It has long been known that a major challenge in Africa is not a lack of good policies or strategies, but a lack of their effective implementation. Crucial to implementation is an understanding of the political economy underpinning economic integration in Africa. Conceptual issues in this area form the theoretical basis of the report. The insights from this perspective can help to frame the policy choices and institutional arrangements required for effective implementation. The report demonstrates that the CFTA potentially embodies a "win-win" approach to sharing its benefits, so that all countries in Africa benefit and the interests of vulnerable communities are carefully addressed. To this end, the CFTA will require "flanking policies" that governments can use to smooth the impact of the CFTA and a strong focus on achieving tangible outcomes from the Boosting Intra-African Trade Action Plan at national, regional and continental levels. Recommendations are made to assure mutual gains for all countries, irrespective of their current level of development.

These recommendations cannot be fulfilled without strategic investments and financing. The report considers methods of financing for bringing the CFTA about, including the role of domestic resource mobilization, non-traditional financial vehicles and regional Aid-for-Trade. Financing must, however, be buttressed with effective implementing institutions and an appropriate CFTA governance structure. The report emphasizes the need to ensure that CFTA institutional structures are based on practical approaches that work in Africa.

The context of this report is a changing world trade environment in which people's scepticism of trade agreements has become common. Africans are also frustrated by the lack of progress in the Doha Development Agenda at the World Trade Organization. These shifts call for a renewed vision of the role of trade in Africa's development trajectory. Bringing the CFTA about is part of that vision, in a way that benefits all African countries and leaves nobody behind, in line with the aspirations of Agenda 2063 and the Sustainable Development Goals. It is also a vision for trade policy coherence in Africa in the changing global environment.

These are crucial messages that should guide the design and implementation of the CFTA. We commend them to African policy makers, to stakeholders at all levels and to our development partners.



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