



The African Continental Free Trade Area (AfCFTA) Prospects and challenges

CCIG, in collaboration with the Swiss-African Business Circle (SABC)

Jaime de Melo
Jaime.demelo@unige.ch

February 23, 2021

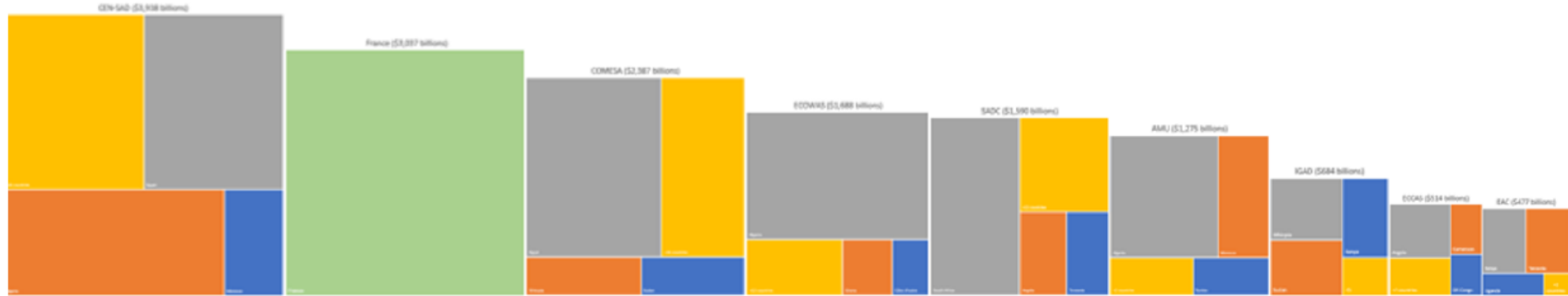
The Long Road to African Integration

- ❑ Integration in 'earnest' started via 8 Regional Economic Communities (RECs) around 1994 (but also the two Franc zones, UEMOA and CEMAC)

- ❑ Huge challenge:
 - No REC has a market size beyond France (See next slide)
 - A fragmented political landscape (835 ethnicities with 28% that have at least 10% of their homelands in more than one country (legacy of the 'scramble for Africa'). Raises conflict intensity and duration.
 - Fragmented geography: artificial borders for the continent with the largest number of countries per continent

Market size across RECs

(GNI 2018 at PPP)



Notes: For each REC, the three largest countries in terms of PPP GNI are represented individually. Smaller countries are lumped a residual blue category. Below, the list of members in each REC by descending order of GDP with countries under \$50 billion in italics. **For reference, the canton of Bern in Switzerland (1 million) has a PPP GDP of 58 billion.**

CEN-SAD : Egypt, Nigeria, Morocco, Sudan, Kenya, Tunisia, Ghana, Libya, Côte d'Ivoire, Senegal, *Mali, Burkina Faso, Guinea, Chad, Benin, Niger, Mauritania, Togo, Sierra Leone, Liberia, Cabo Verde, CAR, Gambia, Guinea-Bissau, Comoros, Sao Tome and Principe, Djibouti, Eritrea, Somalia.*

COMESA : Egypt, Ethiopia, Sudan, Kenya, Libya, Uganda, DR Congo, Zambia, *Zimbabwe, Madagascar, Mauritius, Rwanda, Malawi, Eswatini, Burundi, Seychelles, Comoros, Djibouti, Eritrea.*

ECOWAS : Nigeria, Ghana, Côte d'Ivoire, Senegal, *Mali, Burkina Faso, Guinea, Benin, Niger, Togo, Sierra Leone, Liberia, Cabo Verde, Gambia, Guinea-Bissau.*

SADC: South Africa, Angola, Tanzania, DR Congo, Zambia, *Zimbabwe, Madagascar, Botswana, Mozambique, Mauritius, Namibia, Malawi, Eswatini, Lesotho, Seychelles.*

UMA: Algeria, Morocco, Tunisia, Libya, *Mauritania.*

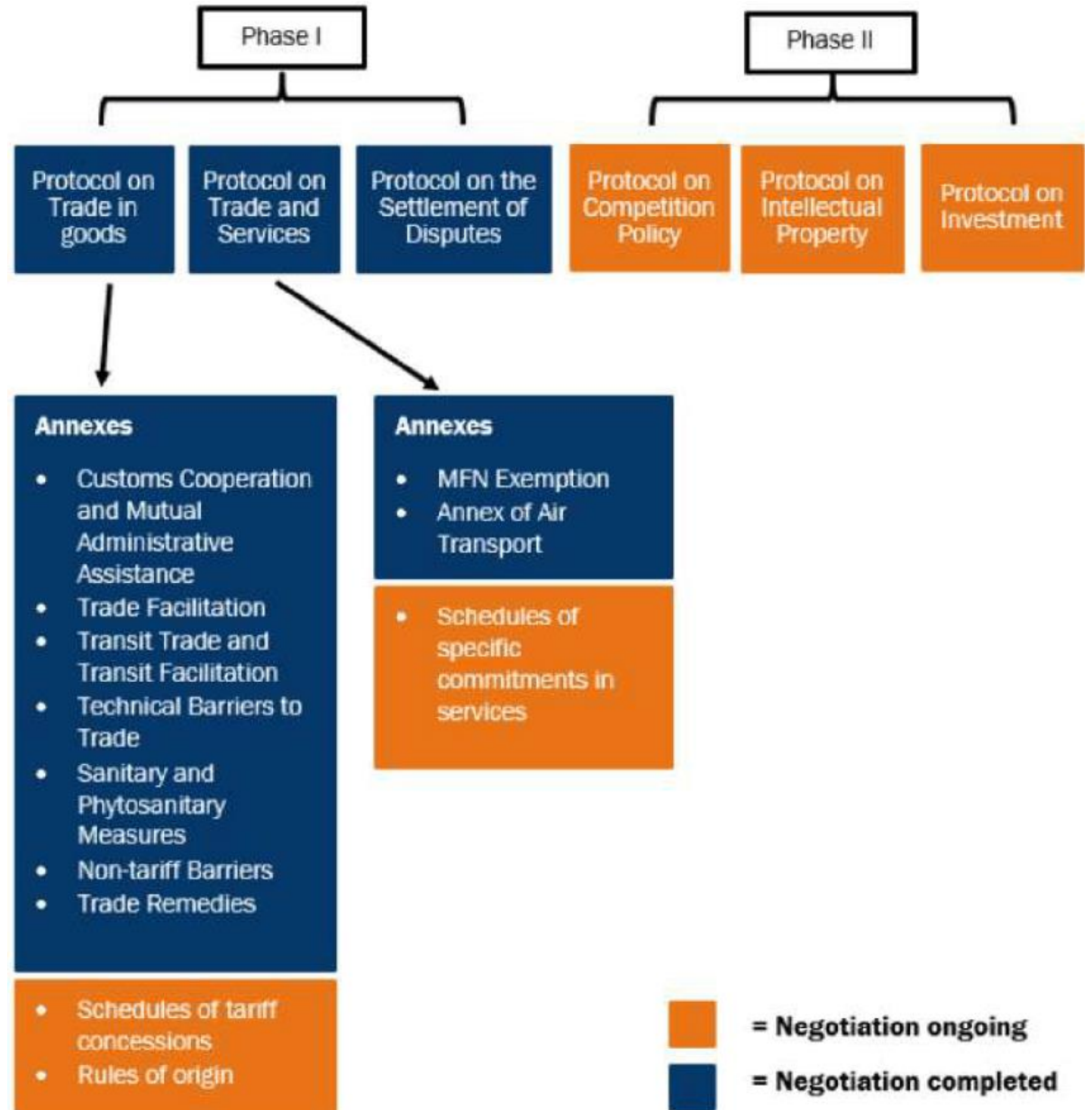
IGAD: Ethiopia, Sudan, Kenya, Uganda, *Djibouti, Eritrea, Somalia, South Sudan.*

ECCAS: Angola, Cameroon, DR Congo, *Gabon, Equatorial Guinea, Chad, Congo, Burundi, CAR, Sao Tome and Principe*

EAC: Kenya, Tanzania, Uganda, *Rwanda, Burundi*

Agreement Establishing the AfCFTA

- ❑ Phase I covers border measures
- ❑ Phase II covers behind-the-border measures
- Phase II to start in 2021. Protocols on E-Commerce to be added to AfCFTA's compact of legal instruments.
- New Protocols to enter into force 30 days after the deposit of the 22nd instrument of ratification.
- In view of delays for phase I, expect another 24-36 months for this to happen.



Key Features

Under negotiation

- Product-specific rules of origin (regime-wide rules are agreed)
- Protocol on dispute settlement
- Trade remedies (contingent protection)

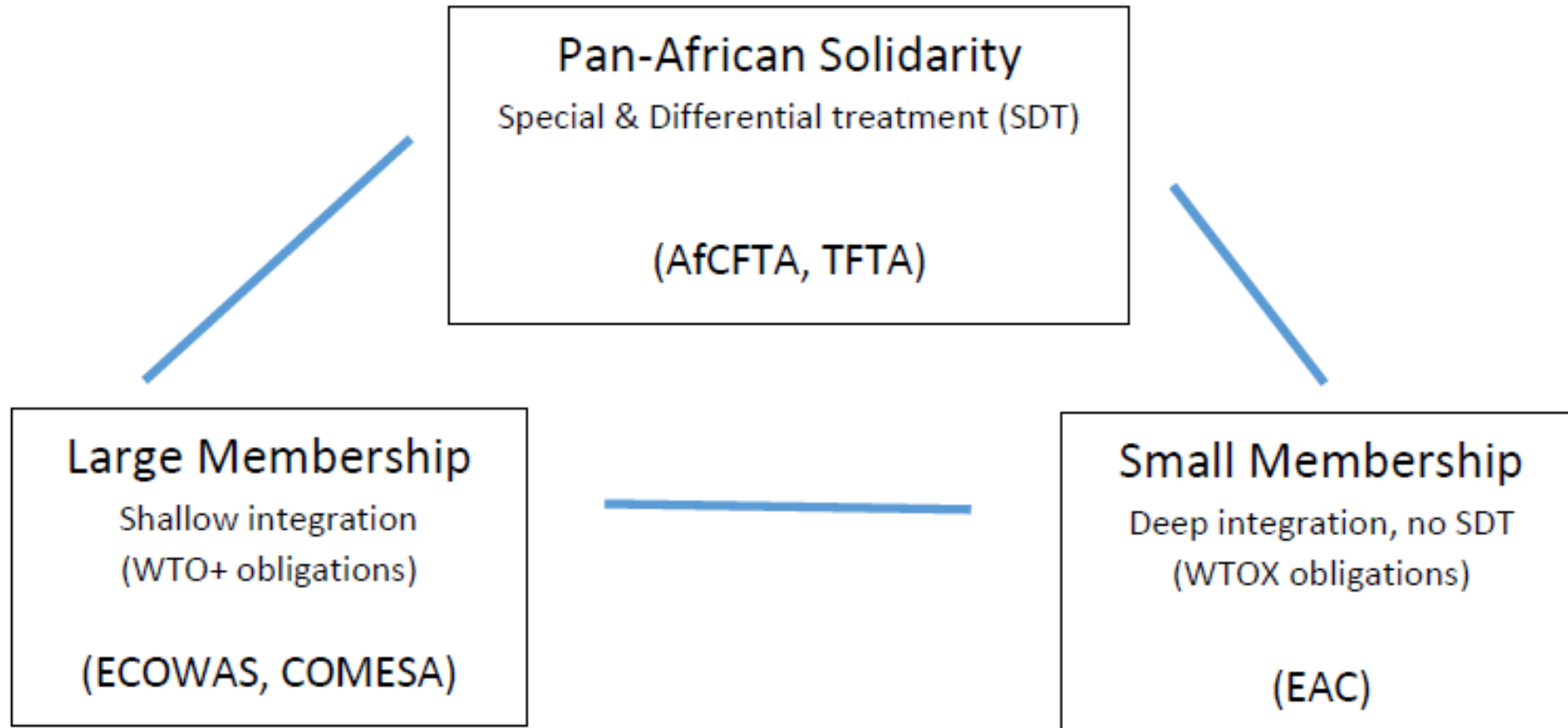
Complementary measures

- [Free movement of persons](#)
- [Single African air transport system](#)
- [UNECA Trade integration index](#)

Agreement establishing the African Continental Free Trade Area	Protocol on Trade in Goods	<ul style="list-style-type: none"> • Elimination of duties and quantitative restrictions on imports • Imports shall be treated no less favourably than domestic products • Elimination of non-tariff barriers • Cooperation of customs authorities • Trade facilitation and transit • Trade remedies, protections for infant industries and general exceptions • Cooperation over product standards and regulations • Technical assistance, capacity-building and cooperation
	Protocol on Trade in Services	<ul style="list-style-type: none"> • Transparency of service regulations • Mutual recognition of standards, licensing and certification of services suppliers • Progressive liberalisation of services sectors • Service suppliers shall be treated no less favourably than domestic suppliers in liberalised sectors • Provision for general and security exceptions
	Protocol on Dispute Settlement	<ul style="list-style-type: none"> • To be agreed
	Phase 2 negotiations	<ul style="list-style-type: none"> • Intellectual property rights • Investment • Competition policies

The tariff-reduction “trilemma”

Figure 1 The African Integration Trilemma



Limited ambition over a long-time period

Table 4.1: Tariff liberalization under AFCFTA: Schedules and Time table

	LDCs ¹	Non-LDCs
Full liberalisation	90% of tariff lines	90% of tariff lines
	10-year phase down	5-year phase down
Sensitive products	7% of tariff lines	7% of tariff lines
	13-year phase down (current tariffs can be maintained during first 5 years – phase down starting in year 6)	10-year phase down (current tariffs can be maintained during first 5 years – phase down starting in year 6)
Excluded products	3% of tariff lines	3% of tariff lines

Source: Hartzenberg (2019)

Notes:

1/ LDCs: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia