



Strengthening Africa in World Trade

Brief on the state of play of the African Continental Free Trade Area (AfCFTA) Negotiations.

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Background to the AfCFTA

The quest for Africa's Unity and formation of African Economic Community goes back to the independence struggles and the struggles for economic decolonisation of Africa. These aspirations were translated into the Lagos Plan of Action for the Economic Development of Africa (1980-2000) and the Abuja Treaty; formation of the African Union and other initiatives like AIDA; BIAT (Boosting of Intra African Trade); PIDA. These processes are the precursors to the African Continental Free Trade Agreement (AfCFTA). The strengthening of Regional Economic Communities like SADC; EAC; ECOWAS; AMU as building blocs to the AfCFTA is also rooted in Africa's quest for structural transformation and the formation of an African Economic Community. The AfCFTA is also entrenched in the Agenda 2063 of the Africa we Want

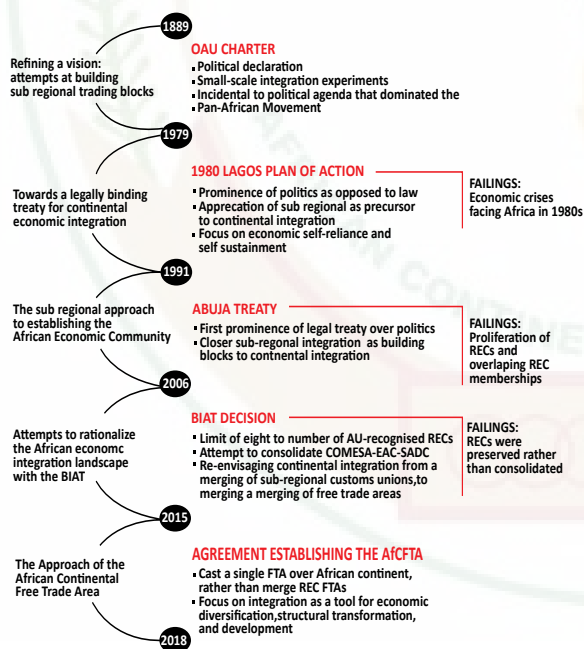


Figure 1. The chronology of AfCFTA

AfCFTA timelines

In 2012, the AU Summit took a decision to establish the AfCFTA by 2017. In June 2015, African leaders launched negotiations to create a Continental Free Trade Area. Subsequently, at the special Summit of the Africa Union on 21st March 2018 held in Kigali, Rwanda, the framework AfCFTA was adopted and signed by 44 member countries, with others signing later. On 30th May 2019, the AfCFTA entered into force after the deposit of 22nd instrument of ratification. It is important to note that with Regional Economic Communities (RECs) envisioned as building blocks to the AfCFTA implementation, trading under the AfCFTA was to be rolled out on 1st July 2020, but due to a number of outstanding issues, this has been postponed to 1st January 2021.

Current state of Play

a) Signature and ratification

As of 18th November 2020, 54 African Union Member States out of 55 have so far signed the consolidated text of the Agreement establishing the AfCFTA. Only Eritrea is yet to sign the AfCFTA. In the same period, only 29 countries had deposited their instruments of AfCFTA ratification with the African Union Commission (AUC) Chairperson. These include: Ghana, Kenya, Rwanda, Niger, Chad, Congo Republic, Djibouti, Guinea, Eswatini, Mali, Mauritania, Namibia, South Africa, Uganda, Ivory Coast (Côte d'Ivoire), Senegal, Togo, Egypt, Ethiopia, The Gambia, Sierra Leone, Saharawi Republic, Zimbabwe, Burkina Faso, São Tomé and Príncipe, Gabon, Equatorial Guinea, Mauritius and Angola.

Ratification has been approved by Somalia, Algeria, Cameroon and Nigeria; deposit of these instruments of ratification is pending. Zambia has also indicated Cabinet approval for ratification.

However, it should be reiterated that whereas Regional Economic Communities (RECs) envisioned as building blocks to the AfCFTA implementation, no single REC has fully ratified the AfCFTA. In the East African Community (EAC), notable countries like Tanzania, Burundi and South Sudan have yet to sign¹.

b) Pending issues

With trading under the AfCFTA arrangement scheduled to be rolled out on 1st January 2021, there are a number of pending issues which AU Member States need to finalise in order to ensure the seamless implementation of the pact. At the African Union level, as of September 2020, Three (3) Customs Union yet to submit an initial draft offer i.e. EAC, SADC (SACU) and ECOWAS. At EAC level, the draft EAC Schedule of Tariff Concessions and the draft EAC initial Schedule of Specific Commitments on Trade in Services are yet to be finalised since some Partner States are yet to submit their revised offers harmonization/consolidation into the EAC offers. Partner States are also yet to agree on EAC's position on outstanding Rules of Origin under AfCFTA. Furthermore, with trading under the AfCFTA arrangement scheduled to commence on 1st January 2021, all RECs have yet to submit their offers to the African Union Commission to allow for negotiations at the AU level undertaken on those issues for a final schedule.

Phase II Negotiations

Negotiations on Phase II of the AfCFTA are about to start. They will deal with the adoption of the Protocols required for investment, competition policy and intellectual property rights. Earlier scheduled to be conducted under Phase III of the AfCFTA, there is a

big push to expedite the negotiations of Electronic Commerce as a means to facilitate trading under AfCFTA during COVID-19.

Demandeurs of AfCFTA

It is critical to note the demandeurs of the AfCFTA vary. These include:

- The African states and African People. They view the AfCFTA as a normal progression of the African people aspirations for African unity and structural transformation.
- The big businesses under the AfroChampions like Equity Bank and EcoBank Group (who have interest in facilitating the creation of the Pan African Payment System); Dangote Group; clearing agents; African Airlines Corporation; insurance companies and pharmaceutical companies.
- Political heavyweights (who want to be SEEN supporting the African Integration Agenda and pan Africanism)
- The technical arm/negotiators who are delivering on the work.
- Donors who are funding the negotiations.

It is key to note that the demandeurs of the AfCFTA in its current form are not the small scale producers and MSMEs, given the provisions which go beyond their competitiveness prospects.

The winners and losers:

If launched in its current form, the winners will be the **big businesses**. With losers being small and fragile economies, MSMEs, Farmers, Fisherfolks, Workers, and small-scale producers, informal cross border traders whose participation in this process has been minimal and who are not prepared to take advantage of the opportunities and mitigate the challenges that will arise.

1 <https://www.tralac.org/resources/infographics/13795-status-of-afcfta-ratification.html>

Whereas the AfCFTA is an African initiative, it should be viewed as JUST a tool for Africa's transformation, and thus should be designed and negotiated in a way that reflects the challenges facing Africa's development and economic integration.

Conclusion

It is critical to make the AfCFTA meaningful and beneficial to all AU Member States and African Citizens so as to achieve the long standing Africa's aspiration of structural transformation of Africa's economies. This will require balancing the political and technical aspirations/views regarding speed and process of the negotiations.

The *demandeurs* claim that there is a silver lining in COVID-19 for Africa to prepare itself in pursuing a "Made-In-Africa" industrial revolution. This ignores the longstanding structural and systemic challenges

facing Africa in its struggle for structural transformation and industrialization as identified in the programme for Boosting Intra-Africa Trade (BIAT) have been increased by the COVID-19 pandemic.

It is our considered view that the *demandeurs* confuse the long-term potentials of AfCFTA with both the actual measures needed for those potentials to be realized and with the immediate actions required at the national and continental level to address COVID 19 in an effective and equitable manner.

The hasty launch of the AfCFTA without addressing these critical challenges will not fulfil the intended objectives of structural transformation of African economies. On the contrary, it will simply contribute to creating a bigger African market for further domination by foreign products and investors over African products and investors, and bigger producers over smaller ones.

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