

UPDATE ON THE AfCFTA

July 2021 Edition

What is the AfCFTA?

The African Continental Free Trade Area (AfCFTA) is flagship project of the African Union's Agenda 2063, a blueprint for attaining inclusive and sustainable development across the continent over the next 50 years. It is aimed at boosting intra-African trade by providing a comprehensive and mutually beneficial trade agreement among the member states, covering trade in goods and services, investment, intellectual property rights and competition policy

What is the state of play of Ratification?

As at June 2021, 38 countries have deposited their instruments of AfCFTA ratification with the AUC Chairperson. Official confirmation of approval of Somalia's ratification is pending.

Country	Date of Signature	Date of Ratification
Ghana		10/05/2018
Kenya		10/05/2018
Rwanda		26/05/2018
Niger		19/06/2018
Chad		02/07/2018
Eswatini		02/07/2018
Cote d'Ivoire		16/10/2018
Mali		23/11/2018
Namibia		01/02/2019
South Africa		01/02/2019
Congo		10/02/2019

Djibouti		11/02/2019
Mauritania		11/02/2019
Uganda		09/02/2019
Senegal		02/04/2019
Togo		02/04/2019
Egypt		08/04/2019
Ethiopia		10/04/2019
Gambia		16/04/2019
Sahrawi Arab		
Democratic Rep		30/04/2019
Sierra Leone		30/04/2019
Zimbabwe		24/04/2019
Burkina Faso		29/04/2019
Burundi		27 th June 2021
São Tomé & Príncipe		
Equatorial Guinea		
Gabon		
Mauritius		
Central African Rep		
Angola		
Lesotho		
Tunisia		
Cameroon		
Nigeria		
Malawi		
Zambia		
Algeria		

What is state of play of Negotiations? What are the timelines?

The AfCFTA negotiations take place in phases. Phase I covers trade in goods and services as well as dispute settlement. Phase II covers intellectual property rights, investment, and competition policy. A Phase III has been added and will cover E-Commerce and the secretariat states that this phase shall be executed after 1 year of deliberation and capacity building.

The AfCFTA Agreement, Protocol on Trade in Goods, Protocol on Trade in Services and

Protocol on Rules and Procedures on the Settlement of Disputes (and their annexes and appendices) officially entered into force on 30 May 2019. However, the negotiations to finalize the rules of origin, schedules of tariff concessions, and schedules of specific commitments for the five priority services sectors (business services; communications; finance; tourism and transport) are ongoing. The deadline to finalize these negotiations is June 2021 however an update on this finalization is soon to be officially announced by the secretariat.

The AfCFTA: Why is it potentially transformative for Africa? Evidence from ATPC/ECA

▪ Latest comprehensive assessment (with reductions in tariffs, services restrictions & NTMs) just finalized and showing that:

- While AfCFTA is expected to stimulate Africa's GDP, output, welfare and trade, gains to be concentrated in intra-African trade;
- With strong potential for economic transformation towards industrialization.

Share, value & composition of Intra-African trade: without vs. with AfCFTA implemented

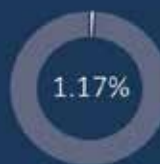


▪ ATPC to continue modeling work (and related capacity building) looking at poverty/inequality/gender, climate change & RVCs implications of AfCFTA.

Source: UNECA

The United Nations Economic Commission for Africa (UNECA) estimates that when fully implemented the AfCFTA can boost Africa's GDP growth from the current

\$2.1 Trillion
to about
\$3.4 Trillion



Employment growth of 1.17 percent and with reduction of tariff and Non-Tariff Barriers (NTBs) boost welfare gains by US\$16.1 annually by 2030.²

For the above aspirations to be realized, the longstanding production and productivity challenges that affect majority of trade actors must be addressed.

AfCFTA in the News:

AfCFTA Secretariat and the UN Development Programme (UNDP) sign a strategic partnership to promote trade.¹

The AfCFTA Secretariat and the UN Development Programme (UNDP) signed a strategic partnership to promote trade as a stimulus for Africa's socioeconomic recovery from the COVID-19 crisis, and as a driver of sustainable development particularly for women and youth in Africa, in line with the

SDGs and Agenda 2063, Africa's development blue print.

The agreement was sealed by the AfCFTA Secretary General, H.E. Mr. Wamkele Mene, accompanied by Ambassador Fatima Mohammed Kyari, Permanent Observer of the African Union to the United Nations, and by the UN Assistant Secretary-General and Director of the UNDP Regional Bureau for Africa, Ms Ahunna Eziakonwa.

“The AfCFTA is beyond a trade liberalizing instrument. It is an enabler of inclusive growth and sustainable development,” said Mr. Wamkele Mene, who made the journey to New York for the historic occasion. “We must rebalance Africa’s role in global trade. As African countries implement COVID 19 recovery plans, this collaboration with UNDP will drive momentum, on the ground in AfCFTA State parties, to ensure that women and youth are the leading beneficiaries of the AfCFTA.”

The partnership will leverage UNDP’s presence in all African countries, working in close collaboration with other UN entities, and includes direct support to the AfCFTA Secretariat through a financial grant of US\$3 million. This will enhance AfCFTA Secretariat advocacy among policy makers, business, civil society, academia, youth and other stakeholders.

“UNDP is pleased to support the AfCFTA as a development enabler and accelerator that can move the continent beyond COVID-19 recovery, towards the Africa We Want and the Sustainable Development Goals,” emphasized Ms Ahunna Eziakonwa. “If we succeed, we will have contributed to creating stronger and more resilient inclusive and green economies in Africa characterized by rising incomes, jobs, more balanced trade, and better returns from Africa’s natural resources”

Trade is recognized as a means of implementation for the Sustainable Development Goals and Agenda 2063. The new collaboration aims to address inequalities, promote value addition and create jobs. As Africa trades more with itself, it will be essential to target critical hurdles faced in exporting within Africa such as SME export competitiveness; rules of origin; technical and product safety standards.

The African Continental Free Trade Area (AfCFTA) – the world’s largest free-trade area – started trading on 1 January 2021, creating a market of 1.2 billion people and the eighth economic bloc in the world with a \$3-trillion combined GDP, that is expected to more than double by 2050.

The partnership signing is part of a two-day official visit to New York by the AfCFTA Secretariat Secretary General. Since its launch, the AfCFTA has been ratified by 36 countries, and already possesses 90% of tariff offers and 34 services offers, which enables sound business and investment decisions in intra-African trade, strengthening accelerated action for trade as a means of implementation for the Africa We Want.

(Endnotes)

1 Extracted from <https://au.int/en/pressreleases/20210329/afcfta-and-undp-sign-strategic-partnership-agreement-promote-trade> (Accessed on 09/07/2021)

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