

# The African Continental Free Trade Area

## Development and more economic resilience through a unified African market

### The challenge

Although many of the world's fastest growing economies are in Africa, there is still much to be done in terms of regional economic integration and intra-African trade. The continent is still heavily reliant on commodity and agricultural exports while importing capital goods or food products predominantly from outside the continent. With a global trade share of less than 3%, Africa has a huge potential for export growth.

Against this backdrop, intra-African trade remains below its potential, accounting for about 15% of the total African trade volume in 2019. In contrast, intracontinental trade accounts for 51% of exports in North America, for 49% in Asia, for 22% in Latin America while among Western European countries this number reaches 69%.<sup>1</sup> Although some Regional Economic Communities (RECs) in Africa have achieved improvements in trade integration through tariff reductions, the African market remains fragmented. Non-tariff barriers such as uncoordinated bureaucratic procedures, long waiting times at the border or lengthy and cumbersome export requirements raise trade costs on the continent. As a result, Africa has integrated with the rest of the world faster than with itself.

### Our approach

With the Treaty of Abuja in 1991, the Member States of the Organization for African Unity (OAU) agreed on a roadmap for the creation of a common African market. To accelerate the implementation of the Abuja Treaty and strengthen regional integration, the African Union (AU) Trade Ministers agreed to establish an African Continental Free Trade Area (AfCFTA). The AfCFTA has since been a flagship programme of the AU and AfCFTA negotiations were launched in June 2015. All AU Member States except Eritrea have signed the agreement.

<sup>1</sup> WTO data, own calculations

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|-----------------------|--|
| Project name          | African Continental Free Trade Area (AfCFTA)                       |
| Commissioned by       | Federal Ministry for Economic Cooperation and Development (BMZ)    |
| Lead executing agency | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH |
| Partner Organisation  | African Union Commission   |
| Budget                | EUR 18.5 million/ EUR 34.5 million from October 2021               |
| Duration              | 08/2020 – 07/2024  |

As of June 2021, 37 member states have concluded the ratification process and are now official state parties to the AfCFTA. The agreement covers the areas of trade in goods, trade in services and dispute settlement as well as investment, intellectual property, competition and e-commerce.

On a continental level, GIZ supports the AfCFTA Secretariat in Accra, Ghana as well as the AU Commission (AUC) in the areas of AfCFTA negotiations and implementation. The project supports the AfCFTA Secretariat by seconding experts for the preparation of the negotiations and the establishment of national implementation committees. Outstanding issues of Phase I negotiations in trade in goods and trade in services, as well as Phase II and III negotiation topics are being supported by a range of mechanisms, e.g. by providing tailor-made technical consultancy expertise or by organizing trainings and workshops. It also advises the AUC on strategic policy and advocacy issues by seconding a regional trade policy advisor.

The project furthermore has extended its support to the regional and national level. The project has regional components in the RECs East African Community (EAC), Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC) to ensure the continental and the regional levels are linked. It also works on a national level in eight partner countries (see map), supporting the implementation process.




**1220 people**  
participated in trainings, webinars and policy dialogue forums in 2020



**53 MS**  
have trained staff to take part in the AfCFTA negotiations



**14 studies + 1 short-film**  
to raise awareness about the AfCFTA are published



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## Objective

The program is targeting five AfCFTA-related output areas with these activities:

- I) Strengthening institutional structures for negotiation & implementation
- II) Support on the preparation of negotiations on trade in services
- III) Support in implementing trade in goods commitments and pending negotiations
- IV) Support negotiations on investment, competition and digital trade
- V) Sustainability approaches: social, ecological and economic implementation of the AfCFTA

In addition, GIZ is cooperating with several institutional partners on specific AfCFTA-related topics. The cooperation with the International Trade Center (ITC) SheTrades Initiative aims to embed a gender-sensitive approach into the negotiating process.

Joint efforts with the United Nations Economic Commission for Africa (UNECA) and the Trade Law Centre (TRALAC) are aimed at raising awareness and disseminating information.

## Benefits

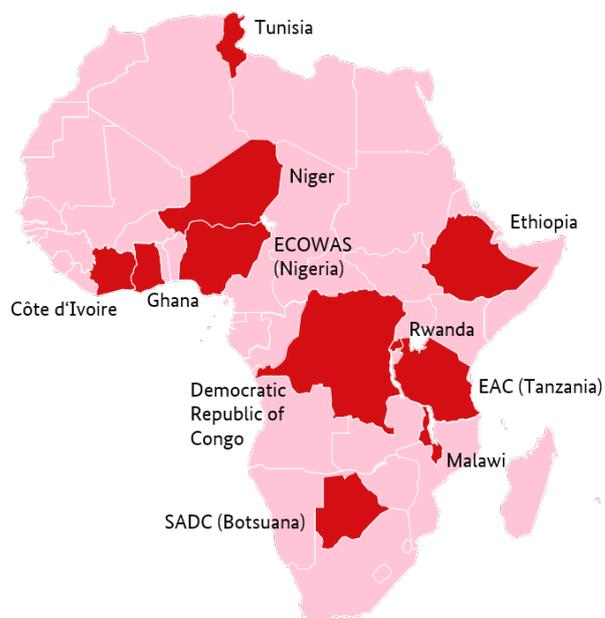
It is expected that the institutional framework for implementing the AfCFTA will have been strengthened on a national, regional and continental level through the project activities. Through the activities the technical capacities of negotiators for the new negotiation phases will be increased. The project aims to ensure that the AfCFTA realization processes incorporate important stakeholders from civil society, such as women and youth, as well as the private sector so that all parts of society will benefit from the agreement.

## An example from the field

Regulations are the key instrument governing and restricting Trade in Services (TiS). The status-quo of AU MS' regulations are therefore the basis for the AfCFTA TiS negotiations. But data on TiS is generally scarce and regulations governing services sectors are handled by various institutions. Many countries have no complete overview about their own regulations across all services sectors.

GIZ and the EU have been supporting the AfCFTA TiS negotiations by conducting comprehensive regulatory audits in MS as basis for their negotiating positions. GIZ has conducted audits in 32 Member States in partnership with AUC and AfCFTA-Secretariat. GIZ is conducting the audits in close cooperation with the World Trade Organization (WTO) and the World Bank, who provide the methodology for the analyses through their global Services Trade Restrictiveness Index (STRI).

The high-quality information produced through this partnership enables countries to make evidence-based policy decisions and helps providing a more reliable picture of TiS on the African continent.



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