

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 much to be done in terms 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.

Intra-African trade accounted 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%.¹ 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

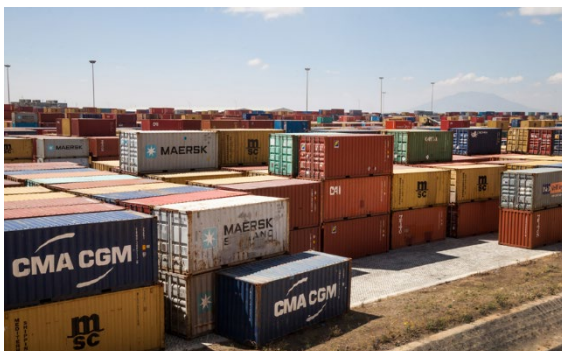
With the Treaty of Abuja in 1991, the Member States of the Organization for African Unity (OAU) agreed on a roadmap for the creation of a common African market. To accelerate the implementation of the Abuja Treaty and strengthen regional integration, the African Union (AU) Trade Ministers agreed to establish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

As of March 2022, 42 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.

Project name	Programme Support to the African Continental Free Trade Area (AfCFTA)
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ). European Union (EU)
Lead executing agency	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Partner Organisation	African Union Commission (AUC)
Budget	EUR 48 million (as of 05/2022)
Duration	08/2020 – 08/2024

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 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 (Democratic Republic of Congo, Ethiopia, Ghana, Ivory Coast, Malawi, Niger, Rwanda, Tunisia), supporting the implementation process.

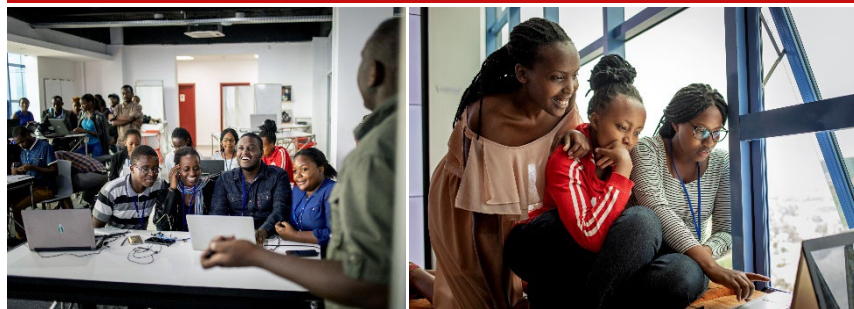


Over 2000
members of the private sector participated in trainings & webinars on the AfCFTA in 2021

More than **500**
policy makers were trained on AfCFTA negotiation topics in 2021

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

¹ WTO data, own calculations



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Objective

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



Strengthening institutional structures for negotiation & implementation



Support on the preparation of negotiations on trade in services



Support in implementing trade in goods commitments and pending negotiations



Support negotiations on investment, competition and digital trade



Sustainability approaches: social, ecological and economic implementation of the AfCFTA

Partner Structure at the continental level

The political partner of the programme is the AUC. The programme works with the Department of Economic Development, Trade, Tourism, Industry and Minerals (ETTİM), supporting its agenda of regional integration and industrialisation. The second key partner is the AfCFTA Secretariat in Accra, Ghana. As an independent organ of the AU it is responsible for the negotiations and implementation of the AfCFTA since 2021.

In addition, GIZ is cooperating with several institutional partners on specific AfCFTA-related topics. To foster private sector engagement, the programme works with PACCI (Pan African Chamber of Commerce) and the AfBC (African Business Council), both based in Addis Ababa. 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. With the Columbia Center for

Sustainable Investment (CCSI) the negotiation process for the investment protocol is supported on the national and continental level.

Challenges of AfCFTA implementation

Before the implementation can properly start, the negotiations on Phase I, e.g. on Rules of Origin must be concluded. There are significant challenges for both a successful and timely conclusion of the negotiations as well as the beginning implementation:

- Limited technical expertise and resources at the national level slow down the negotiation processes as countries struggle to meet the deadlines for submission of offers
- Limited resources at the continental level, constrain the ability to support the member states in the negotiation and implementation processes
- COVID 19 poses a continued risk to the AfCFTA as resources had to be redirected and negotiations had to be conducted virtually instead of physically
- Countries with weaker administrative and financial capacities may struggle with the implementation of the more advanced regulatory frameworks (e.g., SPS, TBT)
- A lack of enforcement mechanisms will inhibit the ability to follow-up with member states that do not implement

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.

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