

Operationalizing African Continental Free Trade Area: Opportunities and Challenges

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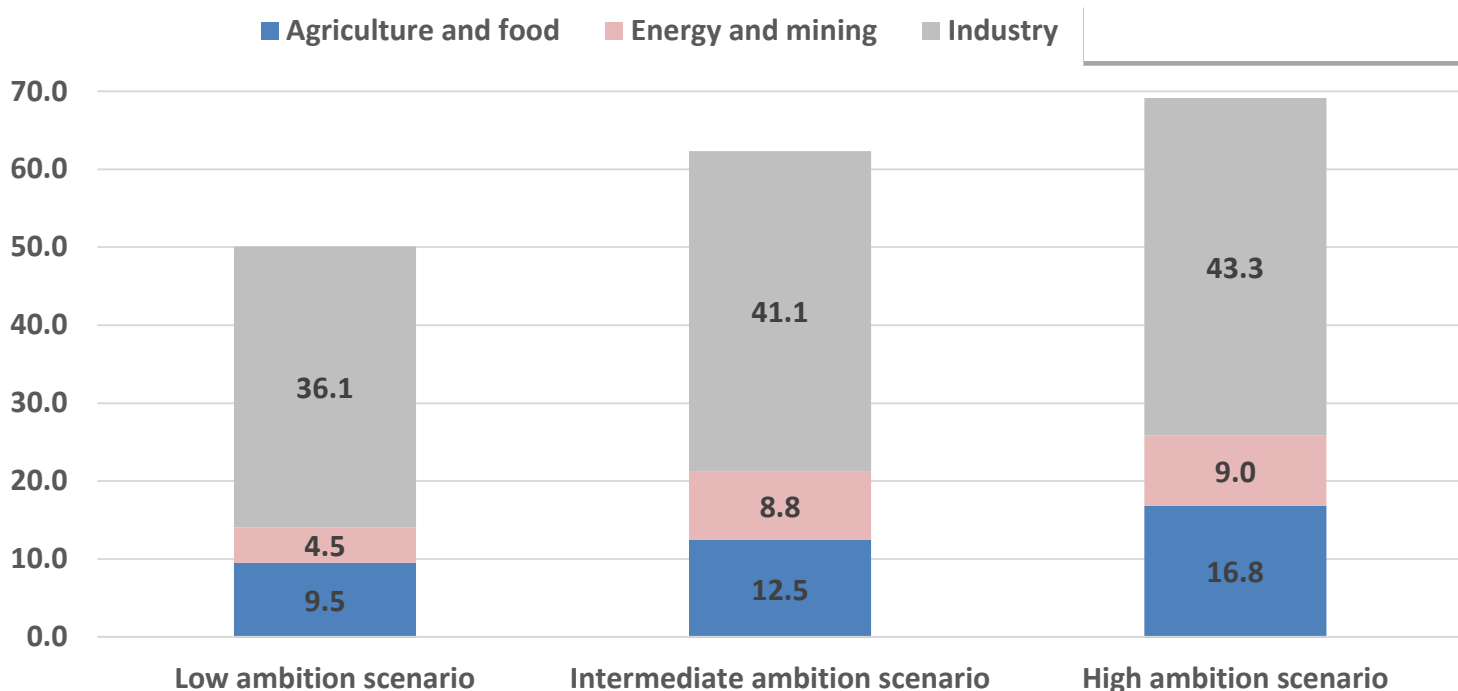
Geneva, NTMs Week 2019

- **AfCFTA : potential impacts**
- **Areas of interventions**
- **Opportunities and challenges to overcome**



Potential impacts of the AfCFTA .. Some estimates by ECA

Change in intra-African exports by main sectors, as compared to the baseline without AfCFTA in place - 2040 - US\$ bn (various scenarios)



Source: ECA's calculations based on MIRAGE CGE model

Yet for the Africa's behind the border Agenda to achieve its expected results, addressing current bottlenecks including tariffs and non-tariffs barriers is very critical!

Industrial producers

- Placed to take advantage of manufacturing opportunities
- Less-industrialized countries can link into RVCs (**Automotive industry in Southern Africa**)

Agricultural producers

- 21% of African GDP and 65% of work force
- Opportunities from expanding population and African food bill (**currently large external import bill**)

Resource endowed

- Extractive tariffs already low – **gains from diversification and reducing dependence on resource exports**

Land-locked

- Higher freight costs and unpredictable transit times: 30% less trade, weaker GDP growth by 1.5%
- Particularly benefit from **trade facilitation, transit and reducing NTBs**

Conflict / post-conflict

- Trade found to **reduce risk of conflict by diversifying commodity-based export earnings and creating broader-based economic growth**

Areas (selected) of interventions to support AfCFTA Implementation (countries' readiness)



- **Consensus building around the AfCFTA** through national/regional sensitization forums /workshop/trainings etc.
- **AfCFTA national strategies :**
 - Complement broader national trade policy
 - Identify risks, trade opportunities, constraints and actions needed to implement the Agreement;
 - Support to institutional mechanisms (e.g. AfCFTA national committees, NTMs FPs etc.)
- **AfCFTA Country Business Index (M&E tool)** to assess the private sector's perception on AfCFTA Implementation :
 - **Interest/awareness/use (FTAs)**
 - Trade cost
 - Business environment

AfCFTA : a number of opportunities but several challenges to overcome

Opportunities

- **Integrated larger markets** / new or expanded business opportunities;
- **Momentum** around the AfCFTA/Political will;
- AfCFTA as **new area of trade governance** in Africa in support of structural reforms;
- **Complementary tools for AfCFTA: online NTB reporting mechanism --- innovative instrument!**

Challenges to overcome

- **Limited awareness** at country levels (esp. among the private sector) / Limited inclusiveness
- **Limited resources** (human and financial) available at country levels to support AfCFTA activities
- **NTBs/risks of very stringent NTMs** (certification, Rule of Origins, etc.) /Challenging business environment
- **Skill/Capacity gaps** at all levels;

Concluding remarks --- Making AfCFTA work

- Ensure integrated and participatory approaches at all levels very critical considering the multi-dimensional and **cross-cutting nature** of the AfCFTA --- coherence and inclusiveness;
- **Political will** important... but... **Actions critical** --- **private sector** to be at the centre of all actions;
- **Ensures NTMs do not become NTBs!!!**

Implementation, Implementation, Implementation!

The logo features a white silhouette of the African continent on the left. To its right, the word "AFRICA" is written in white, uppercase letters within a white rectangular box. Below this box, the word "FIRST" is written in a larger, bold, white, uppercase font. The entire logo is centered on a dark blue background that has a faint, larger-scale version of the same logo behind it.

THANK YOU!

more info: www.uneca.org