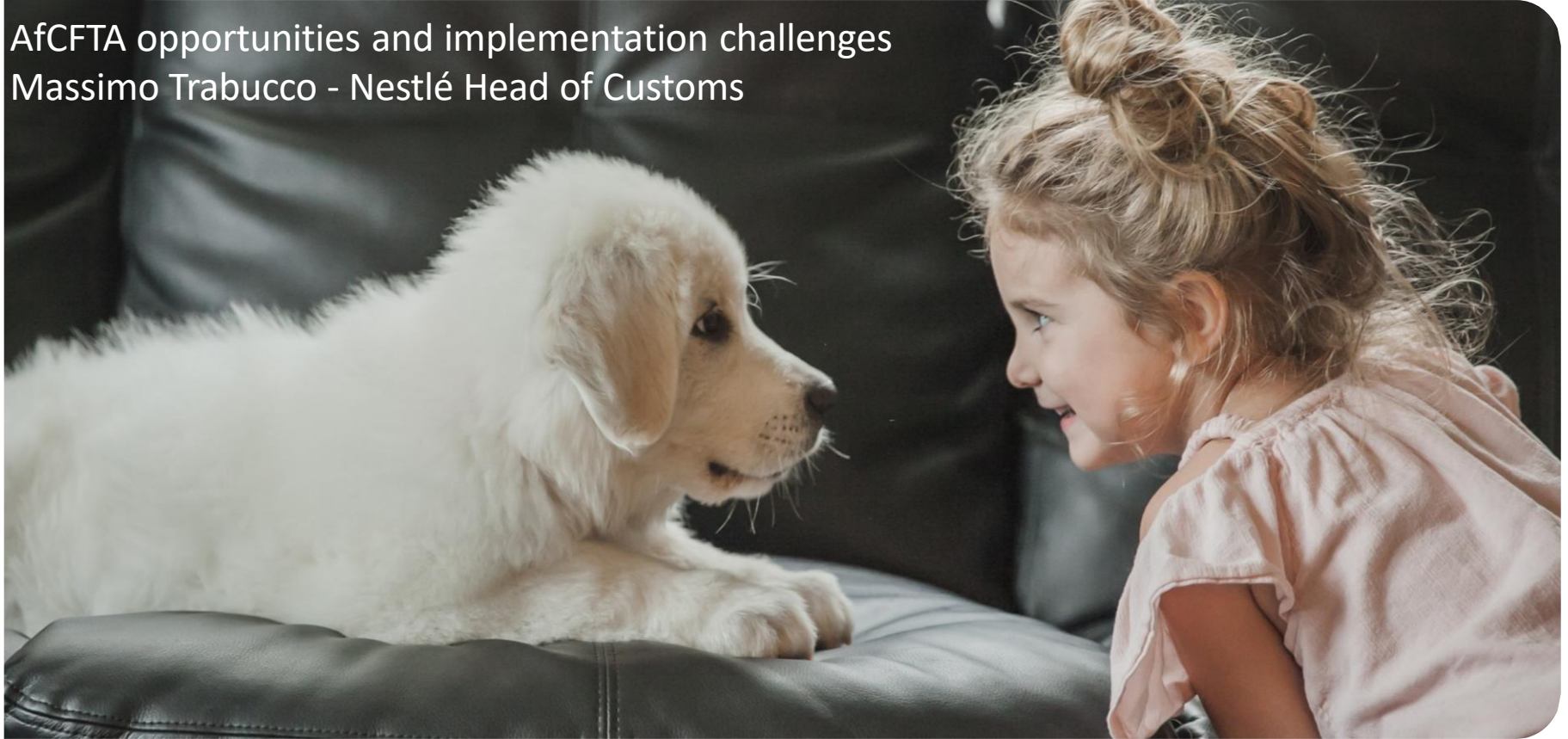




**Nestlé** Good food, Good life

## AfCFTA opportunities and implementation challenges

Massimo Trabucco - Nestlé Head of Customs



# Nestlé, the world's leading nutrition health wellness company

Providing  
safe, quality  
nutrition for  
**155 years**

**2 000 +**  
**brands**  
worldwide

Around  
**270 000**  
employees

Number of  
countries we sell in  
**188**

**340**  
**factories**  
in 76 countries

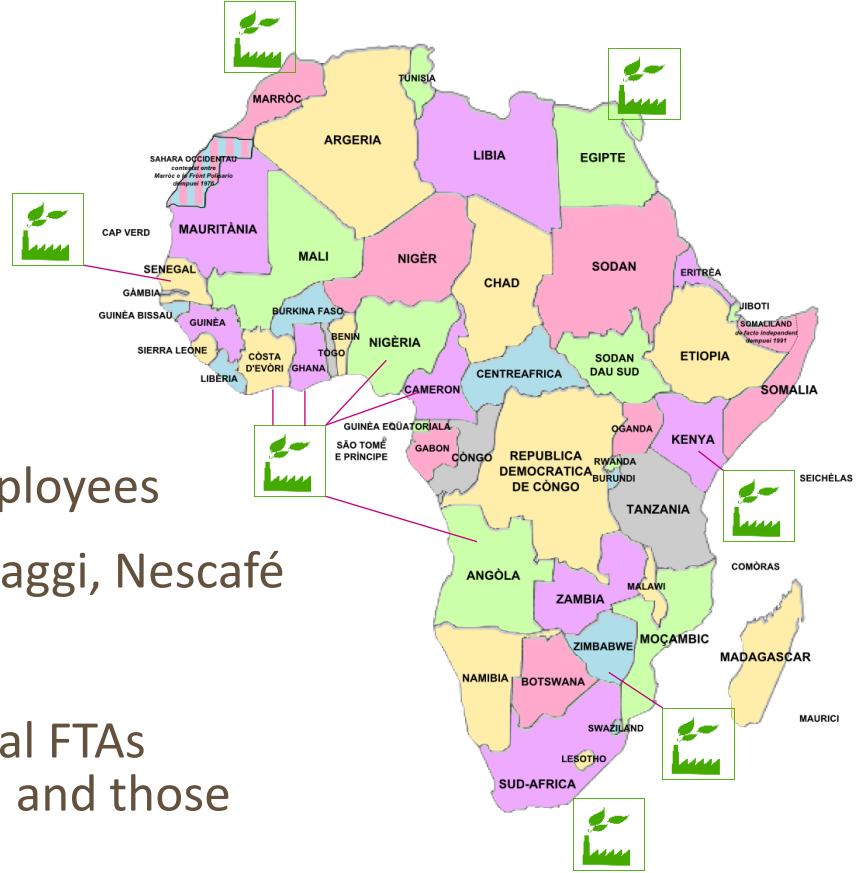
**CHF 93.0**  
**billion**  
Group sales  
in 2023

**1 billion Nestlé  
products sold  
every day**



# Nestlé Business in Africa

- Long-term presence over 140 years
- Three business units
  - Centra-West Africa - CWAR
  - East-South Africa - ESAR
  - Middle-East North Africa – MENA
- 20 factories and over 14.000 direct employees
- Iconic products manufactures: Nido, Maggi, Nescafé
- Strategic source of key raw materials
- Nestlè massively utilizes African regional FTAs (Comesa, SADC, SACU, Ecowas, Cematic) and those with 3<sup>rd</sup> Countries (e.g. EPA with EU)



# Importance of Free Trade Agreements for Nestlé

- FTAs are not at all “a cherry on the cake” (in these days, like never before)
- FTAs are a key factor of competitiveness and affordability for products
- FTAs are investments driver: i.e. factories, development of suppliers
- FTAs are extremely important in LMI Countries (having highest tariff)
- Private sector needs clear, stable and irreversible FTAs
- High attention to carbon footprint of international trade flows



# The ambitious project of a Pan-African Free Trade Area

- In 2018, The African Continental Free Trade Agreement (AfCFTA) was welcomed as game changer for African trade highways
- AfCFTA is trade agreement among African Union (AU) aimed at creating a single continental market for goods and services formally launched in Kigali, Rwanda, on March 21, 2018, by 47 of the 55 AU member countries.
- The AfCFTA seeks to integrate Africa's markets, creating a combined GDP of over \$3 trillion and encompassing a market of more than 1.2 billion people



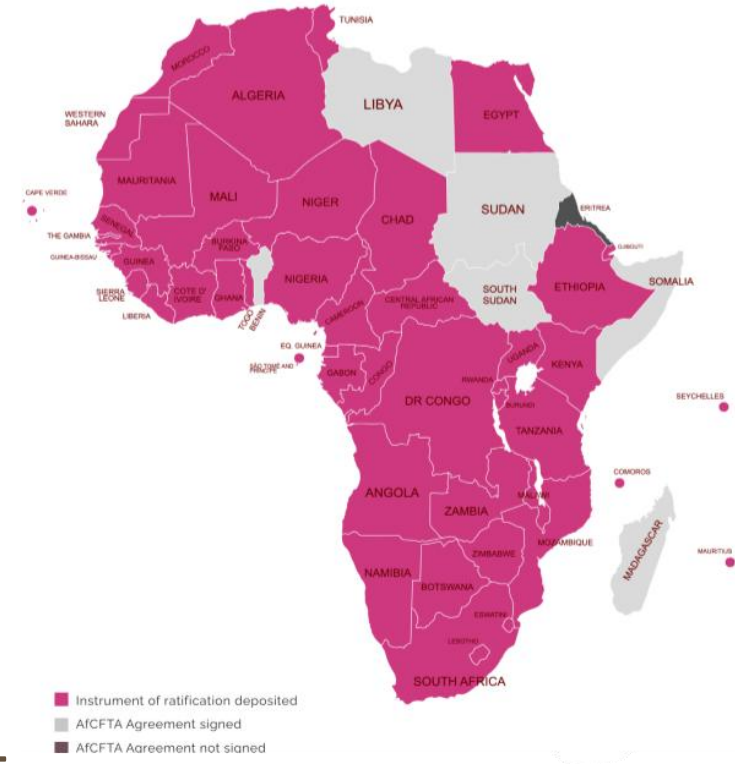
# The ambitious project of a Pan-African Free Trade Area

- **Economic Growth:** By reducing trade barriers, the AfCFTA is expected to boost intra-African trade by over 50%
- **Job Creation:** Increased trade and investment are anticipated to generate millions of jobs, particularly benefiting the youth population
- **Poverty Reduction:** Enhanced economic activities and job opportunities can lead to significant reductions in poverty levels across the continent.
- **Industrialization:** AfCFTA encourages industrial development by promoting value-added production and reducing dependency on raw material exports
- **Integration and Cooperation:** AfCFTA promotes regional integration and cooperation, helping to unify Africa's fragmented markets and strengthen its position in global trade negotiations



# Status of AfCFTA implementation - what is official

- AfCFTA entered into force on the 30th May 2019 after 22 ratifications were reached
- 48 African Countries have signed and ratified the AfCFTA up to August 2024
- Libya, Benin, Sudan, South Sudan, Somalia and Madagascar have not ratified the FTA yet
- Eritrea has not signed the FTA yet
- **The start of trading under the AfCFTA agreement officially began on January 1st 2021**



# Status of AfCFTA implementation - what is in practice

- Presently and in practice, the implementation of the AfCFTA (namely its activation of tariff concession) is still in an evolving phase and the application of the Agreement is yet to show its full potential.
- Even if trade under the Agreement officially started 1st January 2021, the reality varies greatly on a country-by-country basis, and it is more advanced among Countries which are part of the GTI (Guided Trade Initiative) a pilot phase of launched in 2022 by 8 Member States and covering identified commodities
- Current Members of GTI are Algeria, Cameroon, Egypt, Ghana, Kenya, Mauritius, Nigeria, Rwanda, South Africa, Tanzania, Tunisia, Uganda





# Status of AfCFTA implementation - experience of Nestlé

- Nestlé Cameroon undertook successful tests in applying the AfCFTA:
  - ✓ 2022 - Maggi laminates imported from Nigeria on a reduced rate
  - ✓ 2023 - Nescafe packaging imported from Egypt on a reduced rate
- Nestlé Kenya imported in Oct. 2024 the 1st ever consignment from South Africa:
  - ✓ The General Rate of 25% was reduced to 15% on Infant Nutrition products, and it's expected total elimination of the tariffs by 2030
- Nestle South Africa is now registered for a trade under AfCFTA with SARS. (South Africa Revenue Authority).

# Status of AfCFTA implementation - experience of Nestlé

- Whereas AfCFTA has a lot of potentialities, and the full application of the Agreement can bring enormous benefits for the whole continent, there are other aspects of the text which could pose a challenge to implementation. A clear example of this are the Product Specific Rules of Origin contained in the treaty, which seem to be stricter than other regional agreements.

HS CODE	PRODUCT EXAMPLE	E.g. RoO SADC/EAC	RoO AfCFTA
2101.11	Soluble Coffee	CTH or RVC 40%	Wholly obtained products of CH 09
1806.32	Cocoa Preparations	Non originating materials < 30%	Wholly obtained products of CH 17 and 18

# AfCFTA origin certification formalities and AE status

- Many Member States require a registration as AfCFTA exporter
- As in other FTAs, AfCFTA provides the status of “Approved Exporters”. The exporter is then issued an authorization number which appears on any declaration made out. An AE may then make out origin declarations (self-declare origin status) regardless of the value of the goods covered and need not obtain a CoO.
- Registration processes and AE status and conditions can vary on a country-by country basis, as well as practicalities
  - ✓ E.g. Kenya or Ghana have already established well-defined registration processes to acquire the condition of AE



# AfCFTA - what to expect in the future

- Quality of data is improving but need maintenance on actually applied tariff
- 2<sup>nd</sup> phase of GTI (new members recently joining: Botswana and Gambia)
- Companies are glad to start applying more AfCFTA (...if convenient)
- Political tensions can impact the progress of AfCFTA implementation
- Need to join forces public/private sectors

Thank you

