THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) SECRETARIAT

A NEW ERA OF TRADE IN AFRICA

ACCELERATING AfCFTA IMPLEMENTATION

FIRST EDITION
April, 2023

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Foreward

The operationalisation of the AfCFTA on 1st January 2021, was a milestone in Africa's economic integration agenda.
It marked the start of Africa's collective journey as an economic community.

The progress of the AfCFTA is of interest to a broad audience, both within the continent and beyond.

I am therefore pleased to present this magazine of the AfCFTA Secretariat, which focuses on the objectives, latest key economic indicators relevant to the continent, and milestones achieved since establishment of the AfCFTA.

This issue also features a factsheet on the AfCFTA Adjustment Fund, as well as other partner initiatives for the effective implementation of the Agreement.

I hope this issue of "A New Era of Trade in Africa" magazine will contribute to our outreach and communication efforts on the AfCFTA and the significant strides made so far.

H.E. Wamkele Mene
Secretary-General, AfCFTA Secretariat

H.E. KWAME NKRUMAH

PRESIDENT OF THE REPUBLIC OF GHANA

AT THE ORGANIZATION OF AFRICAN UNITY (O.A.U) SUMMIT
MAY, 1963

Unite we must. Without necessarily sacrificing our sovereignties, big or small, we can here and now forge a political union based on Defense, Foreign Affairs and Diplomacy, and a Common Citizenship, an African Currency, an African Monetary Zone and an African Central Bank. We must unite in order to achieve the full liberation of our continent.

AFRICAN CONTINENTAL FREE TRADE AREA

QUICK FACTS

54

AU MEMBER STATES HAVE SIGNED THE AfCFTA AGREEMENT AS OF APRIL 2023

46

STATE PARTIES AS OF APRIL 2023

30 MILLION

PEOPLE WILL POTENTIALLY BE LIFTED OUT OF EXTREME POVERTY

450 BILLION DOLLARS

INCOME BOOST IN AFRICA BY 2035: **A 7% GAIN**

The General Objectives of the AfCFTA are to:

- Create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063

- Create a liberalised market for goods and services through successive rounds of negotiations

- Contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs

- Lay the foundation for the establishment of a Continental Customs Union at a later stage

- Promote and attain sustainable and inclusive socio-economic development, gender equality, and structural transformation of the State Parties

- Enhance the competitiveness of the economies of State Parties within the continent and the global market

- Promote industrial development through diversification and regional value chain development, agricultural development, and food security; and

- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

The Scope of The AfCFTA Agreement

The AfCFTA Agreement covers the protocols and their annexes. The Implementation of the Agreement comprises:

PHASE I

TRADE IN GOODS

TRADE IN SERVICES

DISPUTE SETTLEMENT MECHANISM

PHASE II

INVESTMENT

INTELLECTUAL PROPERTY RIGHTS

COMPETITION POLICY

DIGITAL TRADE

WOMEN AND YOUTH IN TRADE

AfCFTA

Creating One African Market

“The AfCFTA: A New Era of Trading”

Achievements of The AfCFTA

Commissioning and operationalisation of the AfCFTA Secretariat;

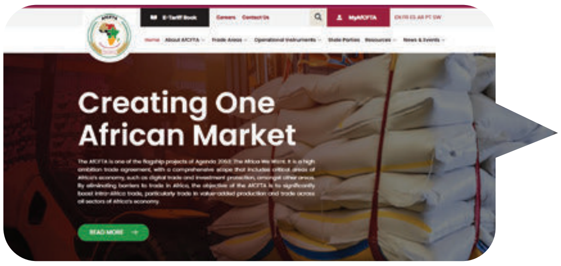
Launch of trade under the AfCFTA;

Reaching 43 State Parties as of August 2022, following the 43rd deposit of the instrument of ratification by the Kingdom of Morocco;

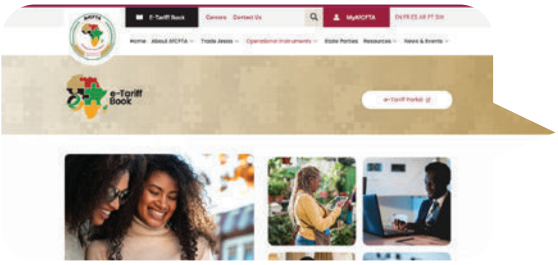
Launch of the Pan-African Payment and Settlement System (PAPSS) in collaboration with the African Export-Import Bank (Afreximbank);

Signing of the AfCFTA Adjustment Fund Management Agreement with Afreximbank;

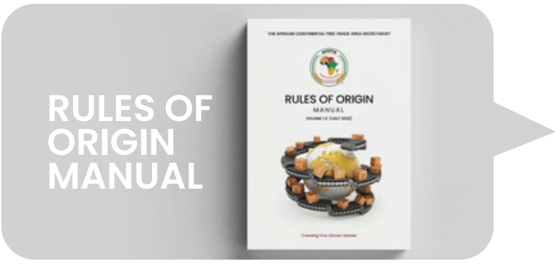
Achievements of The AfCFTA



Launch of the new AfCFTA Website: https://au-afcfta.org



Launch of the AfCFTA e-Tariff Book on the AfCFTA official website



Launch of the AfCFTA Rules of Origin manual

Launch of the AfCFTA Initiative on Guided Trade

Signing of $11 Million Grant Agreement with African Development Bank

Roadmap of the AfCFTA

January 2012 - Addis Ababa, Ethiopia

The 18th Ordinary Session of the AU Assembly of Heads of States and Government adopted the Decision on « Fast tracking the establishment of the African Continental Free Trade Area (AfCFTA) for Boosting Intra-African Trade »

June 2015 – Johannesburg, South Africa

The 25th Ordinary Session of the AU Assembly of Heads of States and Government launched the negotiations for the establishment of the African Continental Free Trade Area (AfCFTA).

March 2018 – Kigali, Rwanda

At the 10th Extraordinary Session of the AU Assembly of Heads of States and Government, 44 of the 55 African Union Member States signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA);

30 May 2019 – Addis Ababa, Ethiopia

Entry into force of the AfCFTA Agreement, after the 22nd deposit of instrument of ratification by the Saharawi Republic on 29 April 2019.

July 2019 - Niamey, Niger

The 12th Extraordinary Session of the AU Assembly of Heads of States and Government launched the operational phase of the AfCFTA. Start of trading under the AfCFTA Agreement began on 1st January 2021.

Roadmap of the AfCFTA

10 February 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene was elected first Secretary-General of the AfCFTA on 10th February 2020, at the 33rd Ordinary Session of the Assembly of the Union in Addis Ababa, Ethiopia.

19 March 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene is sworn-in on 19 March 2020 as first Secretary-General of the AfCFTA at the African Union Headquarters in Addis Ababa, Ethiopia

17 August 2020 – Accra, Ghana

The Official handover and Commissioning of the African Continental Free Trade Area (AfCFTA) Secretariat Building.

1 January 2021 – Johannesburg, South Africa

Start of Trading under AfCFTA. 13th Extraordinary Session of the AU Assembly on the AfCFTA

7 October 2022 – Accra, Ghana

Launch of the Guided Trade Initiative. First commercially meaningful trade under the AfCFTA agreement

H.E. THOMAS SANKARA

PRESIDENT OF BURKINA FASO

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Let’s make the African market, the market of Africans. Produce in Africa, transform in Africa and consume in Africa. Let’s produce what we need and let’s consume what we produce instead of importing.

Important Milestones in the Implementation of the AfCFTA

Finalisation of Phase II Protocols

The Phase II Protocols on Investment, Competition and Intellectual Property Rights have been concluded and were approved by the 36th Ordinary Session of the Assembly of Heads of State and Government of the African Union.

PHASE II PROTOCOLS

INVESTMENT | INTELLECTUAL PROPERTY RIGHTS | COMPETITION POLICY | DIGITAL TRADE | WOMEN AND YOUTH IN TRADE

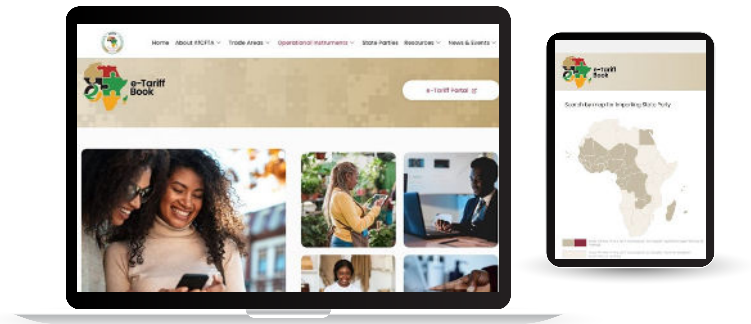
Guided Trade Initiative

The AfCFTA Guided Trade Initiative is a gateway to encourage continued trade under the AfCFTA, resulting in increased opportunities for SMEs, Youth and Women in trade and ultimately establishing sustainable and inclusive economic development. The guided trade initiative will serve as a platform for the participating State Parties to identify and share best practices, success stories and lessons learned in implementing the AfCFTA. In addition, the guided trade initiative will facilitate the monitoring of AfCFTA implementation and support the development of capacity-building programs. Ultimately, the guided trade initiative will contribute to the establishment of a more sustainable and inclusive economic development model for Africa.

Among the 37 countries (as of April 2023), the participants for the first guided trade were Ghana, Egypt, Kenya, Rwanda, Cameroon, Tanzania and Mauritius, representing all 5 regions of the continent. The Guided Trade Initiative will extend to cover trade in services; to propel African economies as an enabler of both trade in goods and services and services trade in a liberalised market in a specific services sector of the economy.

The AfCFTA e-Tariff book

The AfCFTA e-Tariff Book is part of the Digitalisation and Trade Facilitation journey of the AfCFTA Secretariat. Itis a web-based electronic Tariff Book containing updated Schedules of Tariff Concessions, available for consultation from the AfCFTA web-site, aiming to facilitate the publication of information on rates of duty applied by AfCFTA State Parties under their Schedules of Tariff Concessions, enhance knowledge and capacities in the area of the use of tariffs, the Harmonised System, commodity classification and organisation of tariff-related work within Customs administrations and other relevant stakeholders.



The Rules of Origin manual

The AfCFTA Rules of Origin Manual covers the provisions governing the determination of the origin status of Goods under the Agreement establishing the AfCFTA, the administration procedures of the rules of origin and organisational requirements for implementing the rules of origin. It has been completed and has been published in 4 different languages: English, Arabic, French and Portuguese.

The AfCFTA Adjustment Fund

The AfCFTA Secretariat and Afreximbank were mandated by the African Union (AU) Summit of Heads of State and Government and the AfCFTA Council of Ministers responsible for Trade to establish the AfCFTA Adjustment Fund to support AfCFTA State Parties to adjust to the new liberalised and integrated trading environment established under the AfCFTA Agreement.

It was established to support both the public and private sectors to address short term disruptions from implementation of the AfCFTA Agreement, while enabling the private sector to develop capabilities to produce value added goods and services that can be traded competitively within the continent and catalyse the emergence of regional value chains.

The Adjustment Fund management agreement was signed between Afreximbank and the AfCFTA Secretariat was signed on 9 February 2022.

There are on-going efforts to form a (private sector fund structure) joint general partnership regarding the Genera will support African countries and the private sector to effectively participate in the new trading environment established under the AfCFTA.l Fund and Credit Fund to operate the General Fund and Credit Fund

A host country Agreement for the Fund was signed with Rwanda for the hosting of the entity that will operationalise the Fund on the 10th of March 2023. Thus far, there has been approval and committment by the Board of the Bank of $1billion to support the funding of the initiative and a $10million grant funding that will facilitate the establishment and operationalisation of the AfCFTA Adjustment Fund.

PAPSS

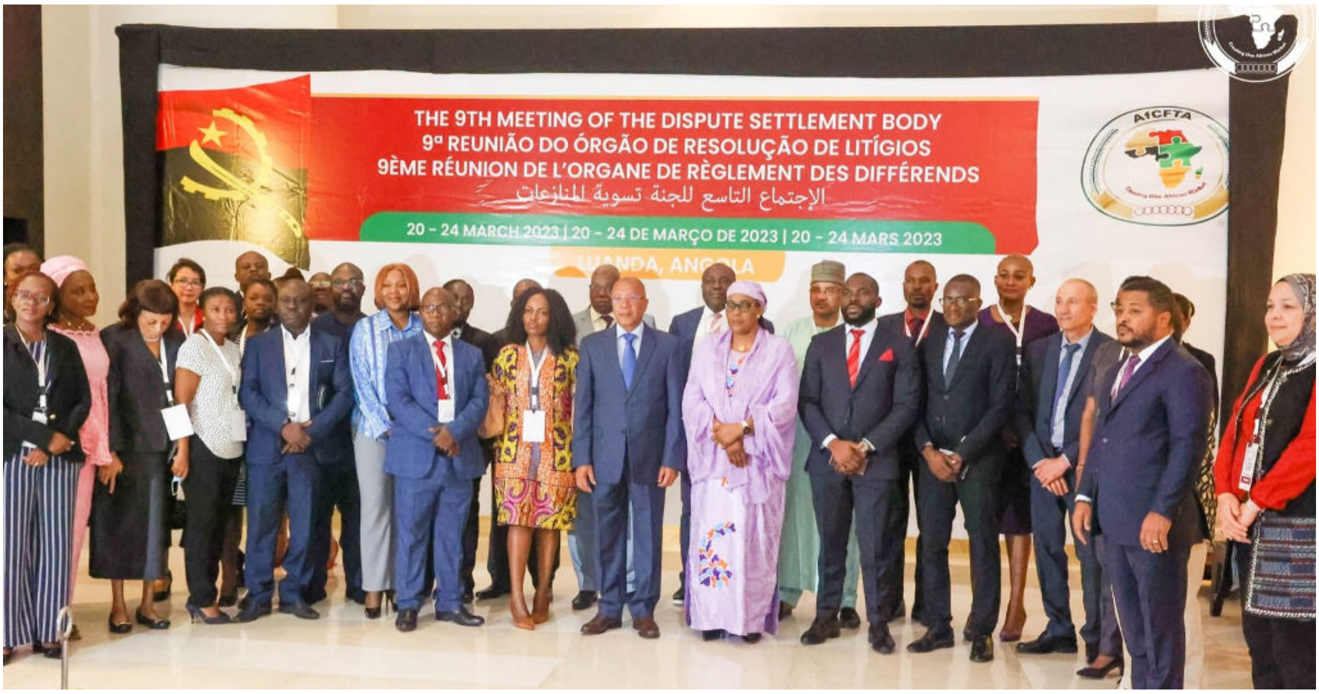
PAPSS is a centralised Financial Market Infrastructure enabling the efficient and secure flow of money across African borders. The platform minimises risk and contributes to financial integration across the regions. PAPSS is an African Union infrastructure developed in collaboration with the African Export-Import Bank (Afreximbank) to complement trading under the AfCFTA.

PAPSS works in collaboration with central banks in the continent to provide a payment and settlement service to which commercial banks, payment service providers and fintech organisations across the continent can connect as participants.

As of March 2023, the PAPSS network consists of 9 central banks, 60 commercial banks and 4 six switches. It will expand into the five regions of Africa before the end of 2023. All Central banks are to sign up by the end of 2024 and all commercial banks by the end of 2025..

Dispute Settlement Mechanism (DSM)

State Parties of the AfCFTA will be able to settle disputes related to trade thanks to the DSM. As part of the Protocol on Rules of procedure, the AfCFTA Dispute Settlement Body (DSB) has been established and the first members of the Appellate Body were sworn in on 24 March 2023. The latter are representatives of the State Parties whose role is to maintain surveillance of implementation of rulings and recommendations of the Panels and Appellate Body, and to authorise the suspension of concessions and other obligations under the AfCFTA Agreement.



AfCFTA Hub

A fragmented trading environment in Africa, characterized by complex compliance requirements, poor logistic links, and non-tariff barriers, hinders SMEs, female entrepreneurs, and innovators from accessing market opportunities under the AfCFTA.

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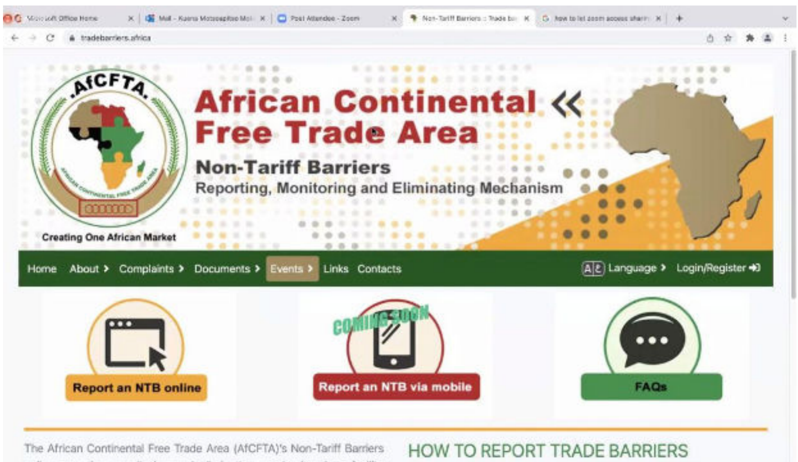
The AfCFTA Hub, launched on 29th August 2023, serves as a one-stop platform for regulators, traders, customs authorities, logistics, and retail operators to collaborate and work together. It aims to eliminate obstacles to cross-border trade, investment, and institutional integration, while accelerating the continent towards the desired Africa using AfCFTA as the engine of transformation.
Impact:

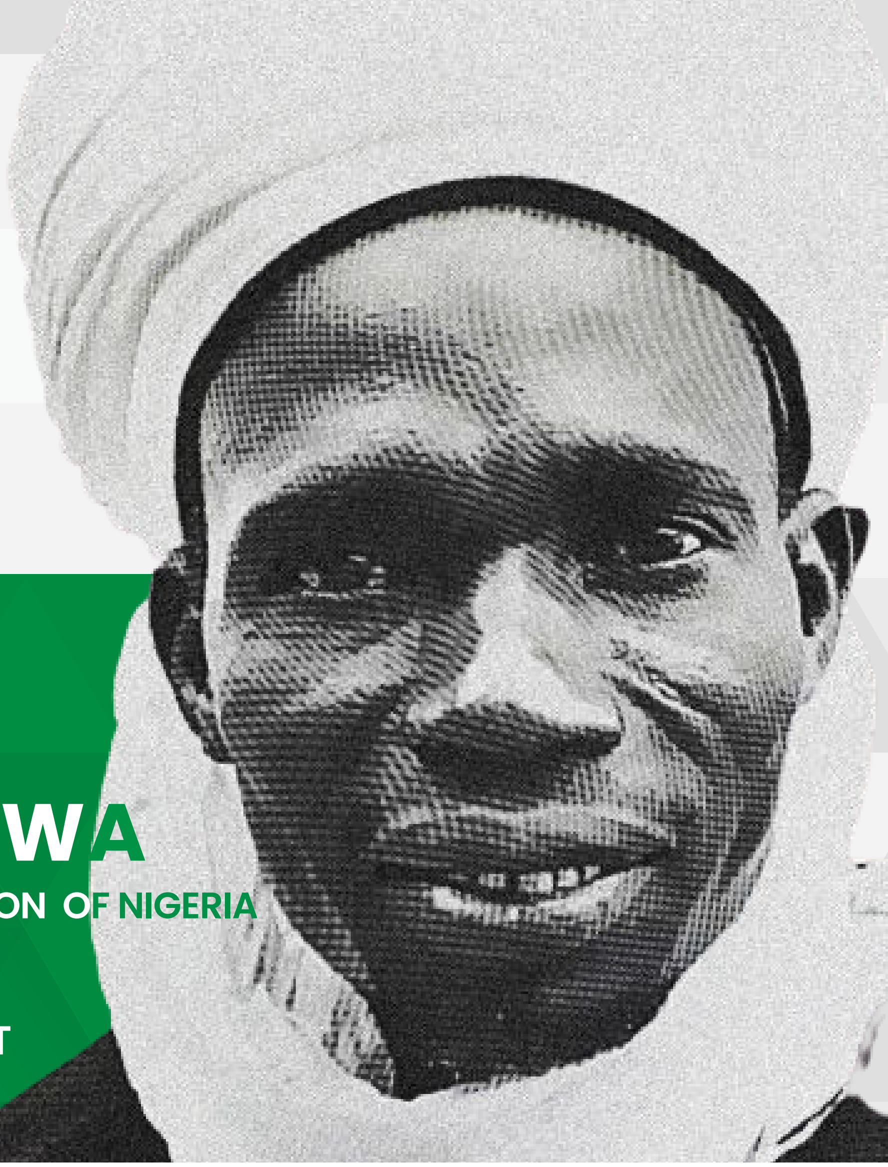
The platform has experienced significant growth and success since its inception, witnessing a remarkable 150% month-on-month increase in signups. Coverage spans 26 industry segments, with ongoing efforts for further expansion. Empowerment of women is a priority, as demonstrated by 55% female beneficiaries. Moreover, support for SMEs is evident, with these businesses accounting for 90% of beneficiaries. The platform's representation extends across 39 African countries, showcasing the continental reach of the initiative. High engagement has also been observed, with participating retail nodes experiencing an average footfall traffic of 150,000 per month. Maintaining this momentum remains a priority, as the focus continues on driving growth, inclusivity, and innovation

NTB Online Reporting Mechanism

African businesses face non-tariff barriers (NTBs) when trading goods across intra-African borders, including excessive delays, ad hoc fees, cumbersome document requirements, and restrictive product standards and regulations. These NTBs hinder trade and limit economic growth within the continent.

The AfCFTA's Non-Tariff Barriers online reporting, monitoring, and eliminating mechanism is a facility designed to enhance trade by removing NTBs. Accessible to businesses of all sizes, informal traders, women, and youth operators, the platform allows users to report obstacles encountered during cross-border trade. By addressing the reported issues, concerned government authorities, the AfCFTA Secretariat, Regional Economic Community (REC) units, and National Focal Points (NFPs) work collaboratively to resolve the problems, fostering a more conducive trade environment in Africa.





H.E. ALHAJI ABUBAKAR TAFAWA BALEWA

PRIME MINISTER OF THE FEDERATION OF NIGERIA

AT THE ORGANIZATION OF AFRICAN UNITY (O.A.U) SUMMIT MAY, 1963

I think we will arrive at a very successful establishment of an African Common Market, because I think it is good for the trade of Africa. For example, the inter-State trade in Africa is 10 per cent, and 90 per cent is done with countries outside Africa. There is no reason why we should not increase the inter-State trade on this Continent.

AfCFTA

Creating One African Market