

The current AfCFTA status

What needs to be done to get to a single African market?



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Towards a single market

CHECK: General Objectives of the AfCFTA (Art 3)

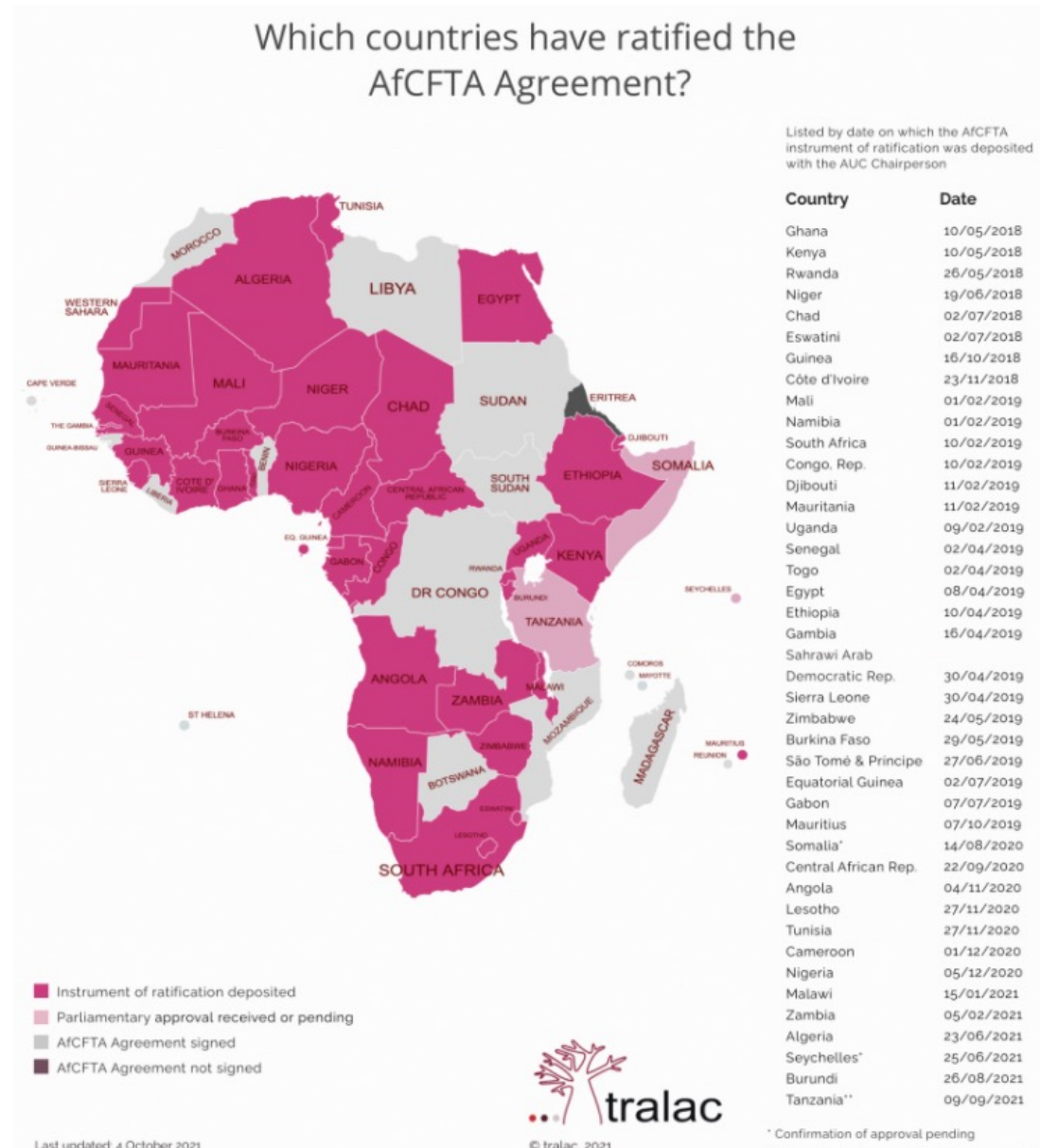
- Single liberalised market for goods & services - through further negotiations
- Contribute to the movement of capital & natural persons
- Facilitate investment
- Building on developments in the State Parties & RECs
- Lay the foundation for a Continental Customs Union at a later stage
- Enhance competitiveness & Promote industrial development
- Tackle overlapping membership challenges

Update on the AfCFTA

Tanzania – Parliamentary approval (instrument of ratification has been deposited yet)

Customs Unions - ratifications outstanding

- EAC (Tanzania)
- ECOWAS (Benin, Guinea Bissau, Liberia)
- SACU (Botswana)



Legal Architecture of the AfCFTA

Agreement establishing the AfCFTA

Phase 1

Protocol on
Trade in
Goods

Protocol on
Trade in
Services

Protocol on Rules
and Procedures
on the Settlement
of Disputes

Annexes

- Schedules of Specific Commitments
- MFN Exemptions
- Air Transport Services
- List of Priority Services
- Framework Document on Regulatory Cooperation

Phase 2

Protocol on
Investment

Protocol on
Competition
Policy

Protocol on Intellectual Property
Rights

Annexes

- Working Procedures of the Panel
- Expert Review
- Code of Conduct for Arbitrators and Panellists

Phase 3

Protocol on
Ecommerce

Protocol/s on
Women, Youth and
SMEs

Annexes

- Schedules of Tariff Concessions
 - Rules of Origin
 - Customs cooperation and mutual administrative assistance
 - Trade Facilitation
 - Non-tariff barriers
 - Technical Barriers to Trade
 - Sanitary and Phytosanitary Measures
 - Transit
 - Trade Remedies
- Guidelines for implementation of Trade Remedies

Phase 1 negotiations update – trade in goods

Where do we stand?

- Very few modality-compliant offers were tabled at 30 June '21 – the RoO:tariff Gordian knot
- Time frames for liberalisation (customs unions that have an LDC member/s - using LDC time frames)
- HS 2022: seventh edition of the Harmonized System nomenclature enters into force on 1 January 2022 (customs and border management matters)

Modalities for tariff negotiations

- 90% of tariff lines liberalised over 5 years (LDCs have 10 years)
- 7% tariff lines may be designated sensitive products - liberalised over 10 years (LDCs have 13)
- 3% tariff lines may be excluded
Sensitive and excluded products

Criteria for products designated sensitive or excluded - food security, national security, fiscal revenue, livelihood and industrialization (Decision in 2019)

A Simplified Trade Regime?

Rules of Origin

Rules determining the national origin of a product (confirming that substantial transformation of inputs has taken place in the country of origin, or goods are wholly obtained in a specific State Party)

Wholly Obtained products include

- Live animals born and raised within a State Party
- Products obtained from sea, river and lakes within State Parties
- Vegetable products harvested within State Parties

Sufficient transformation assessed in

- Value addition to inputs - content of non-originating materials added (40 - 60% depending on the product); change of tariff heading rules
- Specific processing requirements

RoO for about 13% of tariff lines, are not yet agreed (auto products, clothing and textiles, edible oils, sugar, fish (dried snoek), dairy products- buttermilk, cheese)

Reluctance amongst State Parties to make offers of tariff concessions for products whose RoO are not agreed

New developments: Discussions about continental automotive value chain development (trade-industrial policy linkages are important)

Trade in Services Negotiations

5 Priority services sectors (financial, communication, transport, tourism business services)

Work in Progress

- Specific commitments for priority sectors
- Frameworks for regulatory cooperation – work on Guiding Principles for negotiating Regulatory Frameworks is still underway (presented at Council of Ministers Meeting in October)

Reports that 35 initial offers have been made – being technically verified by the Secretariat

What about other sectors? Interest in?

- Healthcare

- Education

- Distribution services (interest - in South Africa)

Phase 2 and Phase 3 Negotiations update

Phase 2 negotiations: Protocols on Investment, Competition Policy and Intellectual Property Rights (State Parties have agreed to cooperate in these areas)

Intellectual Property Rights: Regional cooperation initiative - ARIPO and OAPI regional initiatives

Not all participate

OAPI in Africa



ARIPO in Africa



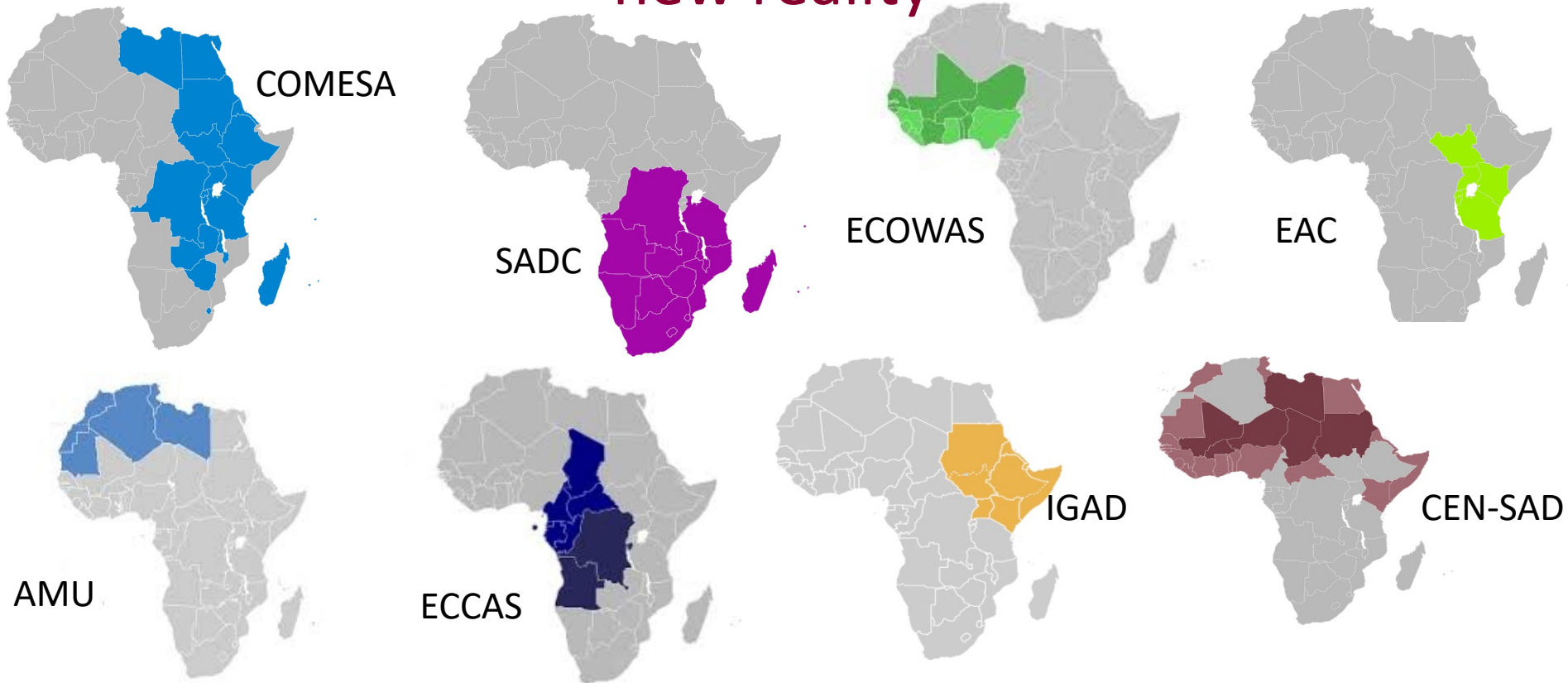
Phase 3 negotiations

E-commerce (digital trade)

Women, Youth and SMEs (African Women Conference in November – to start the process)

AfCFTA Agreement provides that additional legal instruments may be concluded

RECs (and their trading regimes) will be part of the new reality



AMU, ECCAS, IGAD and CEN-SAD do not have FTAs
Other trade and integration arrangements exist
(eg SACU)

Distinction between RECs and their trading
arrangements is important - not all REC members are in REC FTAs

Institutional arrangements

- AfCFTA Secretariat now manages the negotiations process (transfer from AUC/Addis)
- Council of Ministers, Committee of Senior Trade officials (both chaired by South Africa), other Committees and sub-committees established
- DSB & Appellate Body (AB) now exist (Rules of Procedure adopted)
- Mid-year Coordination Meeting (16 October), to be preceded by Council of Senior Trade Officials and Council of Ministers Meetings- decision of the way forward



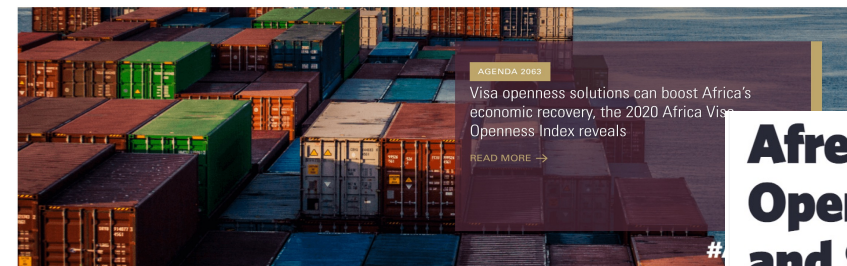
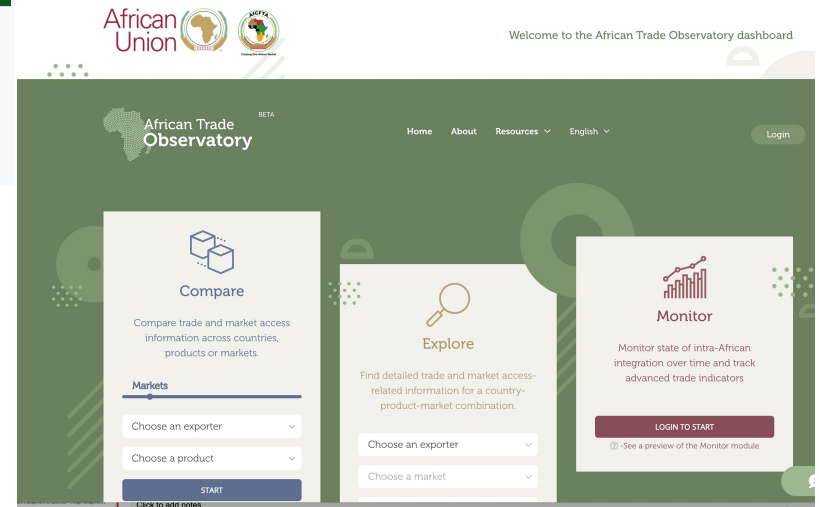
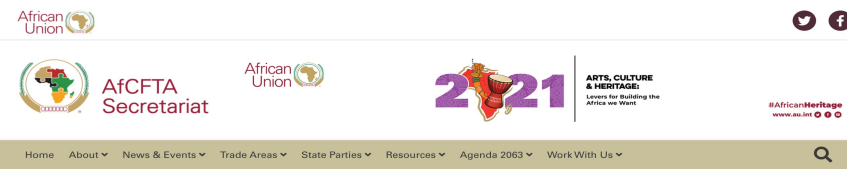
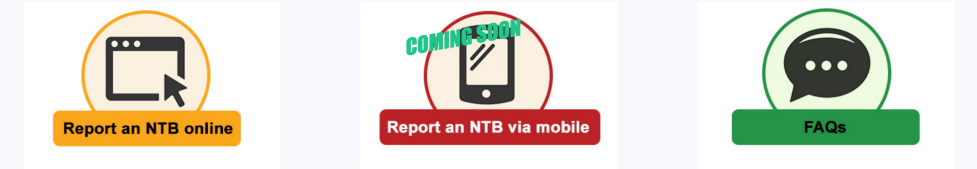
3rd

Mid-Year Coordination Meeting between the
African Union, the Regional Economic
Communities and the Regional Mechanisms
16th October 2021

3rd Mid-Year
#AUCoordinationMtng
au.int    



Complementary Initiatives

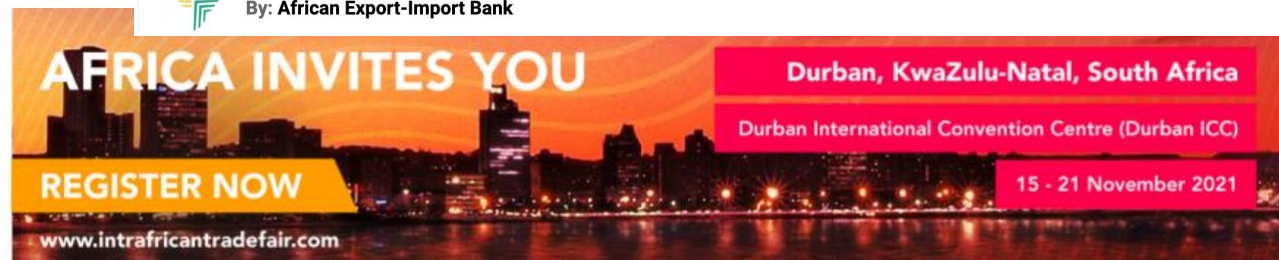


Afreximbank and AfCFTA announce the Operational Roll-out of the Pan-African Payment and Settlement System



29 September 2021

By: African Export-Import Bank



Towards a single market.....

- **Getting the basics in place** – tariffs, RoO, specific commitments for services: incremental, complex process of integrating unequal partners
- AfCFTA provides an **opportunity for governance improvements; trade facilitation** agenda; addressing NTBs. To build domestic policy, legal and institutional capacity – phase 2 and 3 issues (digital economy developments, investment, competition, IPR, trade and gender, SME development)
- Co-existence model: AfCFTA and RECs