

African Continental Free Trade Area Agreement (AfCFTA)

Purpose and Scope of AfCFTA

- Reduction of barriers to trade in goods (both tariff and non-tariff barriers)
- Liberalization of trade in services
- Implementation of trade facilitation measures
- Encourage African states to cooperate on investment , intellectual property rights and competition policy
- Encourage African states to cooperate on customs matters including setting up of a Customs Union
- Establishment of a mechanism for settling of disputes that may arise from the obligations of member states under the Agreement
- Setting up of an institutional framework to implement the Agreement

- Despite the existence of regional trading blocks such as EAC, SADC and OHADA intra-Africa continues to remain low
- AfCFTA seeks to liberalise the market for goods and services
- In terms of Scope the Agreement will cover
 1. Trade in goods
 2. Trade in services
 3. Investment
 4. Intellectual Property Rights
 5. Competition Policy

Legal Framework

- Agreement
- Protocols
 1. *Trade in Goods*
 2. *Trade in Services*
 3. *Rules and Procedures on the Settlement of Disputes*
 4. *Intellectual Property Rights*
 5. *Competition Policy*
- Annexes and Appendices

Agreement

1. Sets up a Council of Ministers to implement and enforce the Agreement
2. Decisions taken by the Council of Ministers are binding on the parties who are signatories to the Agreement
3. Sets up a Secretariat – currently in Accra, Ghana
4. Sets up a dispute resolution mechanism
5. Agreement will be reviewed every five years to ensure that it is achieving its purpose. A State may withdraw from the Agreement by giving two years written notice
6. Members of Regional Economic Communities (REC) such as EAC are allowed to continue to maintain the RECs
7. Where there is a conflict between the RECs and the Agreement, the Agreement will prevail
8. Agreement came into force on 30th May 2021
9. Members states were required to sign and ratify the Agreement
10. Has been signed by 54 countries and ratified by 36

Protocols

- Protocol on Trade in Goods – main objective is to create a liberalised market for trade in goods
- Protocol on Trade in Services – main objective is to liberalise trade in services and enhance competitiveness of services
- Protocol on Rules and Procedures on Settlement of Disputes – establishes a dispute resolution mechanism
- Protocols on investment, intellectual property rights and competition policy are yet to be established

Annexes and appendices

- Schedule of tariff concessions
- Rules of Origin – including the prescribed form of a certificate of origin
- Customs cooperation and mutual administrative assistance
- Trade Facilitation
- Non-tariff barriers
- Technical barriers to trade
- Sanitary and phytosanitary measures
- Trade Remedies

Tax Implications

- Reduction and eventual elimination of import duties and charges
- No imposition of new duties or charges except as provided under the Protocol on Trade in Goods
- States to accord the products imported from other states the same treatment as domestic products
- Sensitive and non-sensitive goods
- Second Schedule of the East African Community Customs Management Act

Non Tariff Barriers

1. Import bans
2. Complex/discriminatory Rules of Origin
3. Quality conditions imposed by the importing country on the exporting countries
4. Unjustified Sanitary and Phyto-sanitary conditions - quarantine and biosecurity measures which applied to protect human, animal or plant life or health from risks arising from the introduction, establishment and spread of pests and diseases and from risks arising from additives, toxins and contaminants in food and feed;
5. Unreasonable/unjustified packaging, labelling, product standards
6. Complex regulatory environment
7. Import licenses

Is the EAC a building block or a hindrance to AfCFTA

- A mix of both
- the EAC is the foremost one among the Regional Economic Communities to have a strategy in place, with implementation likely to start in June;
- EAC has already developed an AfCFTA Strategy –
- Achievements of EAC;
 1. Harmonization of Monetary and Fiscal Policies- harmonization of banking rules and regulations, harmonization of finance ministries' pre- and post-budget consultations, regular sharing of information on budgets, and reading of budget statements on the same day.
 2. Transport and Communications- reduced documentation for crews and vehicles at border crossings including harmonized requirements for operation licensing and customs and immigration regulations.
 3. Free movement of people and labor – reduced immigration requirements.

Neighbourly Squabbles

1. Kenya and Uganda spurred over dairy products exports that have seen the confiscation and barring entry of dairy consignments from Uganda into Kenya.
2. Uganda threatened to retaliate by targeting a number of Kenyan goods, key among them packed juices, assorted household items and roofing materials in a similar protectionist move.
3. Tanzania increased import duty to 25 per cent on Kenyan-made confectioneries such as chocolate, ice cream, biscuits and sweets, citing use of imported industrial sugar.
4. Nairobi hit back at Tanzania by imposing new tariffs on Tanzania products like flour after the neighbouring country ignored a deal that granted Kenyan-made chocolate, ice cream, biscuits and sweets unrestricted entry into its market.
5. Kenya stopped importation of rice from Tanzania in yet another sign of unending trade wars.
6. 15 lorries carrying wheat flour, which are stranded at the Namanga border post. The trucks were stopped at the border following the decision by Kenyan authorities to ask the owner to clear each lorry afresh

THANK YOU

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