

Information Brief on the CFTA

Third World Network-Africa

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African leaders have been called upon to match the ambition to conclude the Continental Free Trade Agreement (CFTA) with an ambition to boost supply side of their economies by tackling the weak manufacturing base. Africa's total exports of manufactured products is less than that of Vietnam, a single country. Africa's exports of manufactured products stood at \$105.5 billion in 2014, a rise from \$28.3 billion in 1995. At the same period Vietnam's exports of manufactured products rose astronomically from \$2.3 billion in 1995 to \$107.8 billion by 2014, outpacing that of the whole of Africa. This was contained in a [presentation](#) by the United Nations Conference on Trade and Development (UNCTAD) at the ECOWAS experts meeting on the CFTA in Accra, Ghana, from the 16-18th May 2017.

The presentation further showed that ECOWAS trade, as a region, with the rest of the world continued to be negative. That is the Region imports more than it exports. Equally, the trade balance of member states is low and often in deficit for trade both in Africa and with rest of the world. It was also found out that the share of intra-Africa trade for the ECOWAS group in total Gross Domestic Product (GDP) was quite low -exports at only 2.6 percent, imports 2percent as well as trade balance of only about 1percent- and therefore was hardly contributing to the overall economic development of the countries.

Again, the presentation noted, intra-Africa traded products for both exports and imports by ECOWAS states are too few statistically and from a development point of view, many countries are likely to be faced with a major challenge to draw benefits from trade liberalization as long as their supply side and productivity remain low. The purpose of CFTA, according to UNCTAD, is to increase intra-Africa trade but when there are no products to trade, how can this be done? For many countries about ten intra-exports or imports account for between 70 – 90 percent of total intra-Africa country trade. For others, about seventeen products account for about 90 percent even to almost hundred per cent while the majority account for only ten per cent, meaning the latter are likely to benefit less from trade liberalization.

Hence the CFTA should move in parallel with boosting supply capacity to produce more products, yet, this is easier said than done because it takes time. African countries are listing over 200 products that they export or import within Africa. But majority have values of insignificance to their economies. In some countries only about ten products really contribute to trade. But, even then, those values are too low. Priority must be to invest in supply and productive capacity to produce more useful products. CFTA ambition must therefore be matched with an ambition to boost supply side.

TWN-Africa participated in this meeting together with the private sector, member states, the ECOWAS Commission, UNCTAD and the Africa Union Commission.