

Information Brief on the AfCFTA

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July 2020 deadline for Operationalisation of AfCFTA looms as Tariff offers, Rules of Origin and Specific commitment on Trade in Services Remain contested

Areas of divergence continue to persist in the first phase of Africa's Continental Free Trade Area (AfCFTA) that is scheduled to be operational by July 1, 2020, when member states that are party to the Agreement can start trading. The contested areas are the tariff offers for the Trade in Goods, the Rules of Origin (of which 22 percent is yet to be finalized) and specific commitments on Trade in Services in the five priority sectors. These outstanding issues were scheduled to be completed by December 2019.

These issues came up during the tenth meeting of the Africa Union Ministers of Trade (AMOT) on the AfCFTA and the second meeting of the Council of Ministers of the African Continental Free Trade Area- those that are party to the AfCFTA by signature, ratification and deposition of the instrument of ratification with the African Union Commission (AUC). The meetings took place on the 14th and 15th of December 2019 in Accra, Ghana. These were preceded by the Senior Trade Officials and the 17th Negotiating Forum. But for lack of quorum, the negotiating forum was turned into a consultative one.

With regards to the Rules of Origin (RoO), twenty-two percent is yet to be agreed upon according to one trade official. The products/areas under contestation are clothing and textiles, edible oils, sugar and automotive sectors and special economic zones. Some of these require technical notes to allow member states appraise their effects on their economies before taking any decision. Hence, the Ministers requested the African Union Commission to circulate policy notes on these special products to all member states by 31st December 2019 to allow national consultations. This then will be followed by a meeting of the chief negotiators, RoO experts and the private sector by February 2020. On the Special Economic Zones, draft regulations should be ready by same deadline, 31st December 2019.

Regarding tariff concessions among member states the Ministers requested the AUC to redouble efforts in organising series of meetings to enable the completion of the offers. One official, on the side-line of the meetings, made the point that members within some customs unions are facing intense struggles because of national interests in relation to some specific products. But the constraint of the 3 percent exclusion list cannot be exceeded to accommodate more products. So, the AUC was directed in the Accra meeting to, again, organise series of technical meetings of the AfCFTA negotiating institutions from 10th February to 10th May 2020.

On Trade in services not much progress has been made apart from a matrix developed by the AUC as a mechanism for monitoring member states in the submission of initial offers. The Ministers then decided that member states should submit their initial offers latest by 31st January 2020.

When the outstanding issues are finalised, they will require approval. So, the Trade Ministers requested an extra-ordinary session be held on 30th May 2020 for the Ministers to adopt the remaining issues on the rules of origin, goods and services offers.

This is not the first-time deadlines are being missed and reset for the AfCFTA negotiations. Almost every year, since the negotiations commenced, deadlines are missed and recalibrated. This speaks to the speed and rush of the negotiations that many stakeholders have expressed concern about. The speed has great implication on the quality of the consultation at the national and regional levels.

Although the outstanding issues under the phase I are yet be fully resolved, the member states are opening a new page for the phase II negotiations. This phase is envisaged to deal with the issues of investment rules, competition policy and intellectual property rights. A fourth one that is being contemplated is e-commerce. The Trade Ministers approved recommendations to establish working groups on the first three issues. On e-commerce, AMOT directed the AUC to develop a brief and present it to member states for consideration.

What was conspicuously missing in all these meetings was the involvement of civil society organisations as key stakeholders in the agenda of the AfCFTA in Africa.