

# Information Brief on AfCFTA

Third World Network-Africa

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The main constraint to boosting intra-African trade is not tariff barriers per se but real productive constraints, says Ambassador Xavier Carim of South Africa.

The main constraint to boosting intra-Africa within Africa's Continental Free Trade Area (AfCFTA) is not tariff barriers per se but real sector productive capacity constraints. These include under-developed production structures and inadequate infrastructure linking Africa's economies.

A development integration agenda should therefore combine market integration with programmes for cross-border infrastructure connectivity and industrial policy cooperation to promote regional value chains and industrial development

The above were views of Ambassador Xavier Carim, Deputy Director General, Department of Trade and Industry (DTI), South Africa, and former South Africa's Permanent Representative to the World Trade Organisation (WTO). They were expressed in a [presentation](#) during the first of a series of webinars on the AfCFTA organised by Third World Network-Africa (TWN-Africa) based in Accra, Ghana.

Held on July 8, 2020, the maiden edition centred on the developments on the global policy landscape and its implication for Africa's strategic regional initiative-AfCFTA- especially in the wake of Covid\_19 Pandemic and the vulnerabilities exposed. The rest of the webinars would focus on the various dimensions of the AfCFTA.

According to Ambassador Carim, Africa needs to go beyond the market integration dimension, which is the main feature of the AfCFTA, to a much broader framework as expressed by Agenda 2063 of the Africa Union Commission.

In the view of the Ambassador, although intra-Africa trade is low, Africa is by far the second most important export market for most African countries, At least seven countries count it as their most important market. The African market is important to African producers particularly for higher value-added products that drive industrialisation, diversification, and job creation. Over three quarters of intra-African trade takes place within regional trading blocs.

'It is imperative therefore to build greater resilience in African economies, shorten value chains and build national and regional capacities. African countries could focus on pharmaceuticals, medical equipment, food production, regional infrastructure and energy', says Ambassador Carim.

The webinar also highlighted some other challenges/risks of the AfCFTA. These include difficulties in agreeing on the appropriate Rules of Origin. That is what constitutes “Made in Africa”. The Rules of origin will determine who the benefits of the AfCFTA will accrue to- either to players inside the continent or outside it. There is the risk of transshipment where countries outside the continent (third party) products could gain preferential access to domestic markets through the high level of ambition for tariff liberalization-90 percent of all tariffs would be phased out.

Also, Africa’s relation with external partners, exemplified recently by the proposed US-Kenya Free Trade Agreement (FTA), which the US is indicating that it will be the model for other African countries in its future trade relations and the European Union’s (EU) proposal for an FTA with Africa carry risks. As countries open-up economies to one another and build regional value chains, African countries should carefully re-consider trade policy stance with the rest of the world else it might either dilute or nullify any gains the AfCFTA envisages, the Ambassador added.

The views of Ambassador Carim were corroborated by Dr Cheikh Tidiane Dieye, Executive Director, ENDA-Cacid, based in Dakar, Senegal in his presentation. According to him, globalization, once seen as a panacea to most development challenges, has also revealed its weaknesses much more so in the context of the Covid\_19 Pandemic.

Interdependencies that were considered by many as indispensable in the production of goods and services are sources of vulnerabilities and dependence, he stressed.

Local needs, in terms of health, education, agriculture and food, energy, water, hygiene and sanitation, must be met at the local, national, or regional levels, he opined. The main thrusts of international solidarity and cooperation are not as real or as effective as has been assumed for years in the view of the expert.

The ENDA-Cacid Executive Director, further underscored the point that, as far as Africa is concerned, it must rely on itself, do things in its own way and build its own project in accordance with its strengths but also its weaknesses.

The industrialization of Africa and the development of endogenous production processes, based on the priority sectors, are much more realistic than a hypothetical desire to catch up with others in sectors where it would be difficult for it to do so, he added.

What good is it for an African country to produce cars or receive millions of tourists in hotels financed by foreign investors if it must import all its food, medicines, and books from abroad? he questioned.

Specifically, on the AfCFTA, Dr Dieye said postponing its implementation until January 2021 is necessary but not sufficient. For January 2021 is close and states, which are struggling to cope

with the economic crisis occasioned by COVID 19, will not turn away from their current efforts to mitigate the effects of the health crisis.

In his opinion, a year of freeze on the AfCFTA would not be too much. It will allow enough time to discuss and deepen certain essential elements such as productive constraints locally and regionally.

The views of the two experts were again reinforced by Mr. Tetteh Hormeku, Head of Programmes of TWN-Africa, who was a discussant on the panel. According to Tetteh, Africa's integration is critical especially given the present global situation where the international community is a bit hostile and countries want to get their needs met first before anyone else's.

He emphasized that, it is critical for Africa to build its continental integration. But that integration should be the engine for the transformation of African economies. African economies, currently, are integrated into the global economy mostly as producers of primary commodities.

Africa's integration should therefore afford the continent the ability to change the terms of its current relation with the rest of the world as a signpost for raw materials and transform its economies.

He concluded by reiterating Ambassador Carim's point that privileging market integration within the AfCFTA framework, without proper sequencing the opening with other programmes aimed at building productive capacities in most sectors within African economies would be counter productive.