



# African Continental Free Trade Area (AfCFTA) Negotiations

**AfCFAT Protocol on Goods, Regional Policy coherence and  
Economic Integration  
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## AGENDA

- Overview of the AfCFTA
- Protocol on Trade in Goods in AfCFTA
- ECOWAS and AfCFTA Rules of Origin
- Role of the regional manufacturers
- Challenges and Recommendations



## OVERVIEW of the AfCFTA

- A single market for goods, services and free movement of persons
- Promote industrial development through diversification and regional value chain development, agricultural development and food security; and
- 54 of 55 African countries have signed the AfCFTA Agreement. State of Eritrea – the only remainder
- All 15 ECOWAS Member States are signatories
- 10 ECOWAS Member States are currently State Parties (Exceptions: Benin; Cape Verde; Guinea-Bissau; Liberia; and Nigeria)



# TRADE IN GOODS in The AfCFTA

## Protocol on Trade in Goods

### Protocol on Trade in Goods

**Annex 1: Schedules of Tariff Concessions**

**Annex 2: Rules of Origin**

**Annex 3: Customs Cooperation**

**Annex 4: Trade Facilitation**

**Annex 5: Non-tariff Barriers**

**Annex 6: Technical Barriers to Trade**

**Annex 7: Sanitary & Phytosanitary Standards**

**Annex 8: Transit and Transport Facilitation**

**Annex 9: Trade Remedies**



# TRADE IN GOODS

## Trade in Goods

- Create a liberalized market (duty-free quota free movement of goods);
- Non-discrimination (Most Favoured Nation; National Treatment; and Special and Differential Treatment);
- Liberalisation of Trade through:
  - Progressive elimination of Imports and Export Duties;
  - Elimination of Quantitative Restrictions;
  - Elimination of Non-Tariff Barriers (NTBs);
  - Progressive Elimination of Tariffs (Schedules of Tariff Concessions).



# TRADE IN GOODS

## Modalities for Tariff Liberalisation

	Developing Countries	Least Developed Countries
Level of Ambition (A)	90 percent (5 years)	90 percent (10 years)
Sensitive Products (B)	7 percent (10 years)	7 percent (13 years)
Exclusion List (C)	<ul style="list-style-type: none"> <li>• 3 percent;</li> <li>• Review after 5 years; subject to negotiation;</li> <li>• Subject to anti-Concentration Clause (&gt;10 % import value).</li> </ul>	<ul style="list-style-type: none"> <li>• 3 percent;</li> <li>• Review after 5 years; subject to negotiation;</li> <li>• Subject to anti-Concentration Clause (&gt;10 % import value).</li> </ul>



## TRADE IN GOODS

### **ECOWAS AfCFTA Tariff Concession**

- Liberalized List (A = 90%):
  - Inputs into the production process
- Sensitive List (B = 7%): Intermediate products and products necessary for production
  - Revenue and employment generating products
  - ECOWAS CET 20% and 10% rated products
  - Agricultural goods and others
- Exclusion List (C = 3%):
  - Revenue and employment generating products;
  - ECOWAS CET 35% rated products;
  - Agricultural products



# TRADE IN GOODS

## Rules of Origin

- In a Free Trade Agreement, rules of origin define the conditions under which a product is deemed as originating and therefore suitable for preferential treatment. They determine the “nationality” of a product subject to preferential tariff treatment.
- Each Free Trade Agreement has its own set of rules of origin to define the conditions under which a product is deemed as originating and therefore suitable for preferential treatment.
- ECOWAS has a Free Trade Area with the establishment of the ECOWAS Trade Liberalization Scheme (ETLS)
- The Rules of origin under the AfCFTA are not substantially different in principle from those in ECOWAS as goods are grouped into wholly obtained or processed/transformed.





# TRADE IN GOODS

## Rules of Origin

- The ECOWAS rules of origin are General rules of origin. Goods are originating in ECOWAS if the following criteria are fulfilled:
- Criterion 1: Wholly obtained goods
- Criterion 2: a. value added of 30% (now to be changed to value of non-originating materials)
- b. Change in tariff Heading (CTH) (4- digit)
- In the AfCFTA agreement, State parties agreed to a product-specific rules of origin approach based on 2017 version of the Harmonized System. Specific rules of origin mean that each good should have specific rules on the basis of Change in Tariff Classification (CTC), Value of Non-Originating Material or Specific processing rules.



# TRADE IN GOODS

## Rules of Origin

- At this stage we have agreed about 90% of the Rules of origin, with 10% remaining outstanding issues which are:
  - Definition of vessels and factory vessels
  - Regulations on modalities of admission to the preferential treatment to be developed on products from Special Economic Zones
  - Policy notes on other outstanding issues (edible oil, textile, cigarettes, milk, oil, sugar etc.)



## FOR THE REGIONAL MANUFACTURERS

- AfCFTA as ETLIS eliminates customs duties on originating products and the benefit to the net consumer is having access to cheaper goods.
- West African manufacturers have the benefit of a market of 1.3 billion African citizens.
- Help member State to specialize in certain goods where they have a comparative advantage:
  - The building of production capacity of the region and development of the value chain leading to increase export to other African States
  - the quality and quantity of local production will be enhanced due to the demand the employment



## FOR THE REGIONAL MANUFACTURERS

- Going through the rules of origin negotiations, member states, supported by the ECOWAS Commission, were guided by the need to protect vulnerable sectors of our economies whilst opening up (through flexible rules) in areas where the region has comparative advantage or requires imported inputs.
- To build stronger value chains, member states were also mindful of the need to establish backward integration to support manufacturers
- With the ECOWAS Free Trade Area serving as an incubation space through more relaxed rules of origin, ECOWAS manufacturers can build their capacities and compete effectively at the continental level.



## CHALLENGES in the AfCFTA

- Non-ratification of the AfCFTA Agreement by 5 ECOWAS Member States (Benin; Cabo Verde; Guinea Bissau; Liberia and Nigeria)



## Conclusion

To ensure a real benefice of the AfCFTA in our region, our manufactures must be sensitized and trained adequately.



**Thank You**  
**Merci**  
**Obrigado**

