



AfCFTA  
Secretariat

Operationalising AfCFTA in North  
Africa: New Opportunities For  
MSMES Growth and Integration -  
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# Current Status of the AfCFTA Implementation

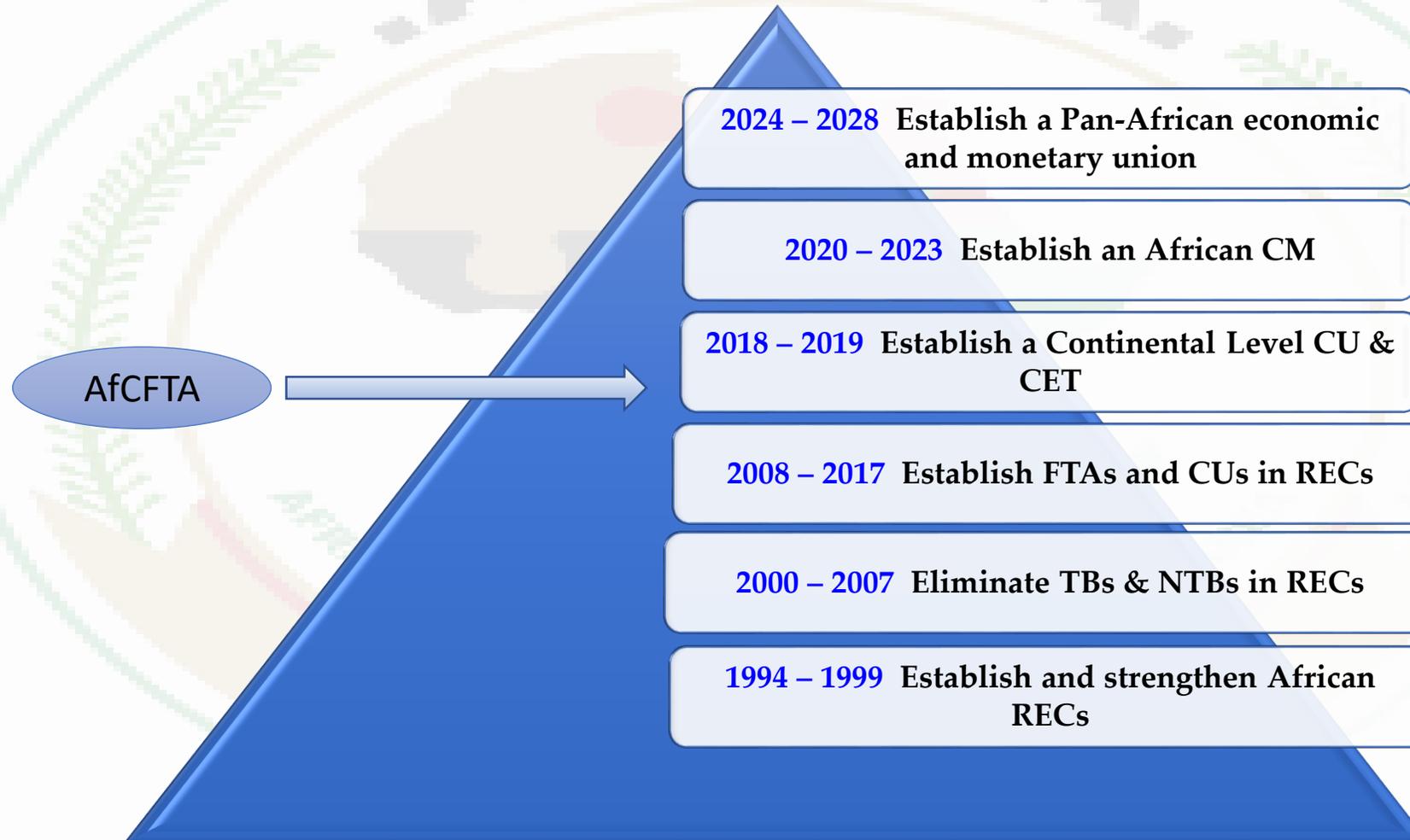
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# Table of Contents

- 1. Rationale, Main Objectives and Opportunities**
- 2. Current State of the AfCFTA Implementation**
- 3. Work progress activities, Challenges and Way forward**
- 4. How does AfCFTA benefit MSMEs in Africa?**

# 1. Rationale, Main Objectives and Opportunities



The 'Treaty Establishing the African Economic Community (AEC)' (The Abuja Treaty) lays out a detailed time-bound schedule for African economic and political integration through 6 stages

# Objectives of the AfCFTA

- ❑ To overcome dependence on exportation of primary products and promote social and economic transformation for economic growth, industrialization and sustainable development in line with Agenda 2063.
- ❑ AfCFTA is a flagship project of the AU blueprint and Masterplan ie Agenda 2063 – The Africa We Want, which was signed during the Golden Jubilee of May 2013.
- ❑ Achieve a comprehensive and mutually beneficial trade agreement among the AU MSs.
- ❑ Boosting intra-Africa trade.
- ❑ To create a freer market for goods and services, building upon the trade agreements within the RECs and associated commitments and thus pave the way for accelerating deeper integration and achieving AEC according to Abuja Treaty (1994).
- ❑ The AfCFTA seeks to combine the economies of 55 African states under a pan-African FTA comprising 1.35 billion people in a market with a combined GDP of \$3.4 trillion.



# Opportunities of the AfCFTA

Largest FTA: 55 economies, 1.3 Bn people, GDP US\$ 2.6 Tn (IMF)

Human and Natural Resources: World Second largest and second most populous continent (2 Bn people by 2050, 70% youth, 26% workforce in the world) (UNECA)

30% of the earth's remaining mineral resources: over 40% of the gold reserves, over 60% of cobalt, and 90% of platinum reserves

TBs & NTBs Elimination: Current average tariff 6.1%, intra-Africa trade to increase by more than 52% by eliminating TBs and to double by eliminating NTBs (UNECA)

Structural transformation of Intra-trade: (70% Africa exports to world are raw materials)-high value-added exports - deepening industrialization, sustainable development, job creation, welfare (from US\$ 16 to US\$ 24 Bn) (UNECA)

SMEs Development: SMEs representing 80% in Africa, 40% of national income, foreign markets penetration, cumulative RoO, Developing RVCs.

Formal Cross-borders trade: overcoming various forms of violence African Small Traders facing, especially women.

Comprehensive Agreement: not only for liberalizing trade in goods and services; Investment, Competition, IPR, E-commerce, Dispute Settlement Mechanism

## 2. Current State of the AfCFTA Implementation

- 54/55 Signatories - 36 State Parties - 41 Tariff Offers - 34 Services Offers (5 Priority Sectors: Financial, Telecommunication, Transport, Tourism, and Business Services)
- CEMAC (6 SPs “Cameroon-CAR-Chad-Congo Republic-Equatorial Guinea-Gabon”), besides, 6 SPs, namely; Egypt, Mauritius, Malawi, Sao Tome and Principe, Mauritania, and Zambia, are considering the pioneering group to implement the AfCFTA.
- Main instruments have been launched and operationalized (Online Tariff Negotiations Tool - Online Mechanism for NTBs – ATO)
- Around 82% of Rules of Origin have been concluded (75.2% of intra-Africa trade)
- The AfCFTA Member States have already established the Sub-Committees on different areas of trade in goods including ROO, TF, Customs, SPS, TBT, NTBS, Trade Remedies
- Trading commenced on 1 January 2021, as per the 13<sup>th</sup> Extra-ordinary Summit (5 Dec 2020)
- Outstanding negotiations to be finalized – on phase I by **June 2021**, on phase II and e-commerce by **December 2021**

### 3. Work progress activities, Challenges and Way forward

#### RoO

- ❑ Continuation of RoO Negotiations
- ❑ Designated Authorities Specimen and Signatures
- ❑ Producing Appendix 4 of RoO in all 4 AU languages
- ❑ Electronic RoO Certificate
- ❑ SEZs Regulation

#### Customs

- ❑ RoO Certificate Operational Details
- ❑ Trading Documents
- ❑ RoO Users/Operational Manual
- ❑ Trade Documents on Transit
- ❑ Develop Program for Harmonisation of Customs Procedures
- ❑ Simplified Trade Regime Form

- ❑ Different speed and priorities and overlapping membership in different RECs, convergence between different RECs should be made compatible with the goals and timelines set for the CFTA.
- ❑ Multitude and varied trade commitments undertaken by African countries.
- ❑ Institutional, organizational, and productive Capacities.
- ❑ Sensitive issues such as RoO, Level of ambition, Services Regulations, etc.

Way Forward

- ✓ Capacity Building and awareness
- ✓ Concluding Outstanding Work
  - ✓ Digital platforms
- ✓ Trade finance initiatives
- ✓ Women in trade protocol

## 4. How does AfCFTA benefit MSMEs in Africa?

### Challenges facing MSMEs in Africa:

- ❑ Capacity
- ❑ Access to Finance & Power
- ❑ Network Infrastructure
- ❑ Foreign Competition
- ❑ Intellectual property rights

Building MSMEs Capacities is Fundamental to AfCFTA Success

### II. Scope of the AfCFTA Agreement

GVCs and Penetrating Foreign Markets through Regional Markets

RVCs and Accumulation amongst Industries

### I. Development of GVCs and RVCs

Wide Scope of the AfCFTA Agreement

Formalizing Trade, Benefiting Small Traders and Informal Sector

PAPSS

MANSA Platform

Online Mechanism for NTBs

ATO Dashboard

### III. Initiatives and operational digital tools



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**Thank You**

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**Creating One African Market**