

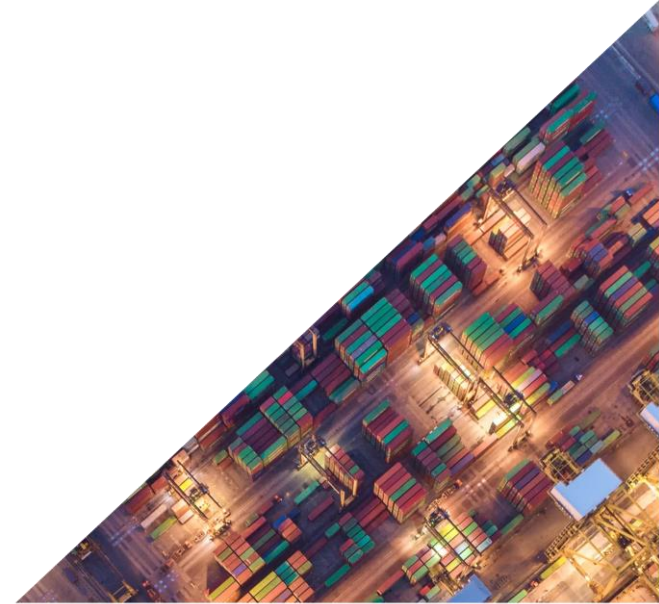


The AfCFTA: Update and future developments

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The AfCFTA in Terms of its own Design



AfCFTA Design & Basic Features (Art 5)

- AfCFTA is only an FTA
- Member-driven
- REC FTAs are the building blocks
- Preservation of the acquis
- Reciprocity
- Consensus in decision-making
- Trade deals with third Parties allowed
- Several Streams of Preferential Trade: For how long?
- Private Sector makes the commercial Choices

Why is it so difficult to get started?

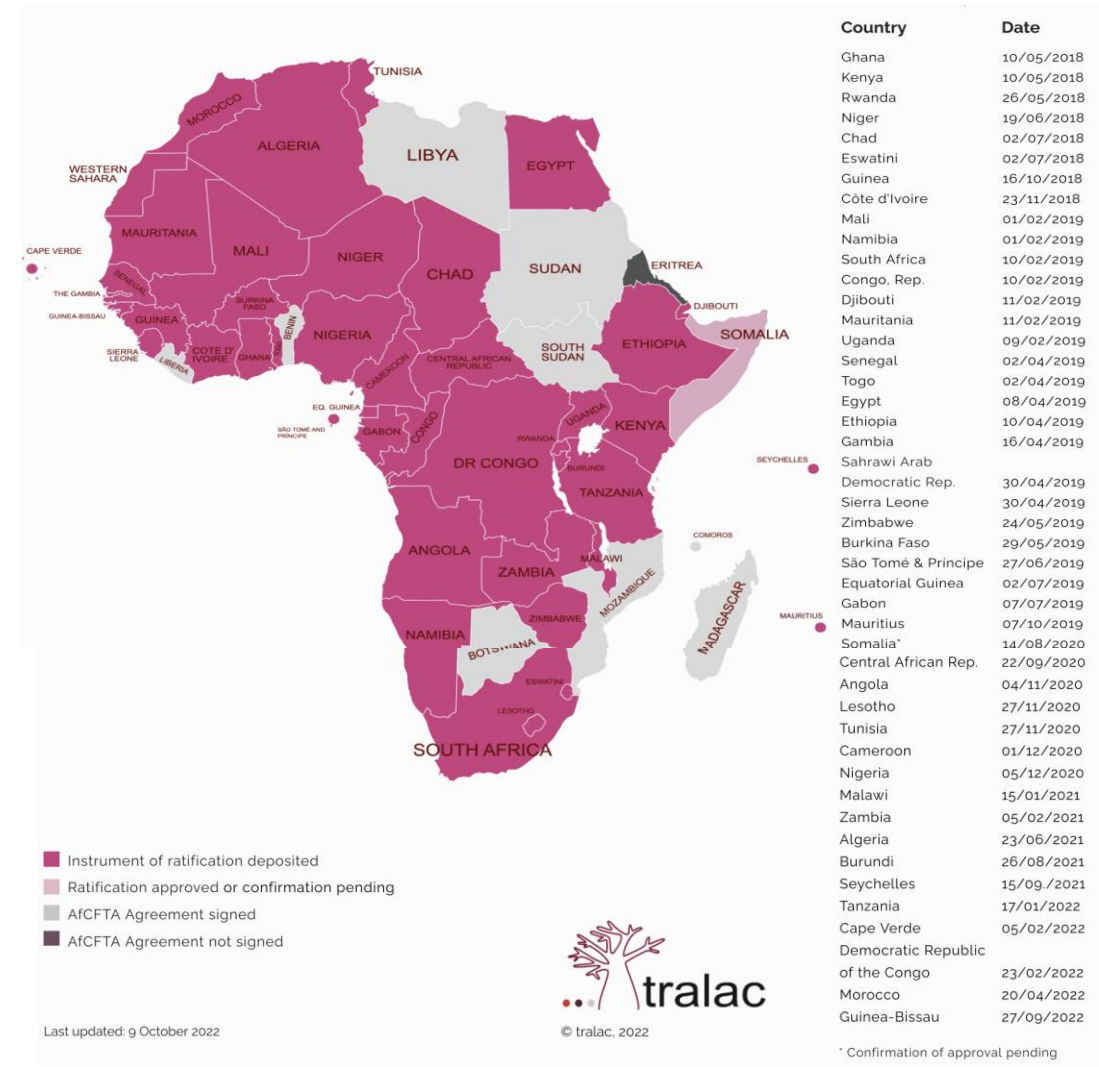
- High level of ambition - See Modalities
- Different offensive and defensive interests
- Integration among uneven Parties is difficult
- Novel challenges such as continental value chains
- The Agreement already in force
- COVID 19
- This Process coincided with new institutions
- Consensus decision-making

Update: Entry into force of the AfCFTA Ratification Status

Entry into force: 30 May 2019

But: negotiations continue (tariff concessions, RoO; Specific commitments for 5 priority sectors....)

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When will AfCFTA Trade begin & what will this entail?

- Trade in an FTA needs Tariff Schedules & Rules of Origin
- Customs Unions need prior negotiations -SACU example
- Trade in Services needs commitments
- Trade Facilitation implications & NTBs
- Transport & Logistics
- 90% of goods transported by road
- Customs administration
- But RECs do this already
- RECs are Int Organizations in their own right

Trade in goods: negotiations update

Tariff negotiations

- 46 Provisional Schedules of Tariff Concession (Offers) have been submitted, including from Customs Unions: EAC, ECOWAS & CEMAC.
- 31 Offers have been technically verified and COMPLY with agreed modalities for AfCFTA Negotiations
→ ECOWAS + Mauritania, CEMAC, Algeria, DRC, Egypt, Madagascar, Malawi, Mauritius, Seychelles, Tunisia and Zambia

Rules of Origin

- RoO for about 88.03% tariff lines have been finalised
- Still to be agreed: Textile & Clothing accounts for 10.54% (higher percentage), Motor Vehicles 1.43%.

The Guided Trade Initiative

- The AfCFTA Secretariat GTI programme announced at the COM in July 2022
- 7 State Parties are participating – Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania (Tunisia now joining)
- Committee on the AfCFTA GTI has been established (sub-committees on logistics, customs support GTI)

Objectives of the GTI:

- Demonstrate the efficiency of the legal framework of the AfCFTA instruments
- Obtain feedback on the effectiveness of the legal and institutional national systems in the participating countries
- Test the readiness of the private sector to participate in trade under the AfCFTA
- Identify possible future interventions to increase intra-African trade and maximize the benefits of the AfCFTA.

The Guided Trade Initiative cont'd

- Committee on GTI and sub-committees (customs & logistics, communication etc)
- Partners - AfroChampions and Afreximbank
- Operationalisation of AfCFTA instruments - AfCFTA e-Tariff Book, PAPPS, Adjustment Facility and AfCFTA NTMs Reporting Mechanism
- GTI to continue and expand to include of the State Parties

Shipment Plans (October)

Exporter	Products	H.S Code	MFN Tariff (%)	2022 applied tariff (30%)	Importers
1. Exports from Ghana to Cameroon					
KEDA Ceramics	Ceramics tiles	690721/ 690722/690723	30	24	SUNDA Cameroun
2. Exports from Cameroon to Ghana					
Cameroon Tea Estate (CTE)	Tea samples/(B.M-Broken Mixed)	0902	10	8	Farm Fresh Exotics and Livestor Entreprise
	Tea samples/(P.F-Pekoe)				
	Tea samples/(P.D-Pekoe Dust)				
AFATEX	Dried Prunes	08132000	20	16	Mazia Co Enterprise
3. Exports from Egypt to Ghana					
Cairo Poultry Processing Company – Americana (KoKi)	Processed Chicken Processed Beef	1602390090 & 1602320090/1602101014 & 0202300000	35	35	SIA QSR Ghana Ltd., Royalty QSR Ghana limited , SIA QSR Ghana Ltd Royalty QSR Ghana limited
Milano Food Company	Pasta	190219001	20	20	SIDESTEP VENTURES- GILBERT KUALA

Shipment Plans (cont'd)

Exporter	Products	H.S Code	MFN Tariff (%)	2022 applied tariff (30%)	Importers
1. Exports from Kenya to Ghana					
Kenya Tea Packers Ltd	Tea leaves	690721/ 690722/690723	10	8	Chakem Trading Enterprise
4. Exports from Rwanda to Ghana					
Ingire Coffee	Arabica Coffee	090210035	10	8	B.B Harrington Ventures
Rwanda Farmers Co.	Instant Coffee	21011120	10	8	Pan African B2B Technology

Certificates of Origin (circulating on social media)



REPUBLIC OF RWANDA

AFCFTA CERTIFICATE OF ORIGIN

AFCFTA Certificate of Origin		Competent Authority Ref	Country Code	Serial No.					
		Customs Services Department	RW	007					
1. Exporter (Name & Address) IGIRE COFFEE COMPANY LTD TEL +250 780 29689		2. Consignee (Name & Address) THE B.B HARRINGTON VENTURES LTD 19 NIKO STREET, EAST LEGON, ACCRA, GHANA TEL +233 23 362 145		3. For Official Use Only					
4. Particulars of Transport BY AIR									
5. Marks & No.s	6. Invoice No. & Date	7. No. & Kind of Package	8. Description of Goods	9. Gross Weight	10. Suppl. Quantity	11. HS Code	12. Origin Criterion		
2	22092200	2 CARTONS	COFFEE	105		090121	WP		
13. Declaration By The Exporter / Supplier I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate, and are originating in (Country) Place and date: KIGALI, RWANDA 30/09/22								14. Certification of Origin Origin Stamp (Designated Authority) Umuhungu Umuhungu (Full Names) (Signature) Rules of origin office CUSTOMS SERVICES DEPARTMENT	15. For Customs Purposes Export Document No.: E 2634 Airport Customs Office & Date Gashamba (Full Names) (Signature) REVENUE CUSTOMS SERVICES DEPARTMENT

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Trade in Services: When and how?

- 5 Priority Services Sectors (financial, communication, transport, tourism and business services)
- 48 Offers submitted in the 5 priority sectors
- 21 Offers have been verified and comply with the Modalities for Trade in Services Negotiation – including most recently CEMAC The AfCFTA Council of Ministers ADOPTED a Ministerial Directive on the Implementation of State Parties Schedules of Specific Commitments

Regulatory Frameworks

- Work not yet commenced.
- Council of Ministers decision to commence the work on regulatory frameworks
- Capacity building/training on regulatory frameworks in financial and communications services

Extending the Scope & reach of the AfCFTA

- Why do we need Protocols re Investment, IPRs and Competition?
- What are the institutional implications?
- Rules for Digital Trade are vital but challenging in terms of governance
- Danger of getting carried away
- Art 23 arrangements must be adopted, ratified and enter into force
- Capacity building for new disciplines

Future of the AfCFTA Institutions

- Powers of CoM & Committee of STO
- Directives, Regulations and Recommendations
- How frequently will they meet?
- There are lessons to be learned re CoM Chairs
- Future of the Secretariat?
- A role for Addis? It developed a Strategy on Climate Change.
- Note Art 10: *The Assembly, as the highest decision-making organ of the AU, shall provide oversight and strategic guidance on the AfCFTA, including BIAT. The Assembly shall have the exclusive authority to adopt interpretations of this Agreement on the recommendation of the Council of Ministers.*

Domestic Governance & Trade Facilitation will be vital

- All is not well re domestic governance
- RSA examples re energy and water
- Corruption is rampant
- SA has until the end of the month to prove to the global economic community that it is secure and taking action to mitigate financial crime to avoid being greylisted by the Financial Action Task Force (FATF).
- 5000 outstanding mining applications
- Mines prepared to pay striking railway workers
- Zama Zamas

• What is the good news?



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REC FTAs & Overlapping Membership

- Articles 19(2) Agreement & 8(2) Goods Protocol
- What does preservation of Acquis really mean?
- RECs do more than trade liberalization
- What is the plan re Overlapping Membership?
- Must/can there be a plan?
- Implications of DRC membership of EAC

Will the AfCFTA be rules-based and generate Disputes?

- Dispute settlement Protocol is about **inter-State** Disputes
 - Will DSU generate a preparedness to litigate?
 - Will Trade Remedies and Safeguards generate Disputes?
 - REC Courts to continue
 - Will they take note of AfCFTA legal instruments?
 - How could that happen?
 - SADC remains without a Tribunal
- and without other Plans for dispute settlement

Concluding remarks: Can AfCFTA deliver Continental Integration?

Art 3

- Create a single market for goods, services, facilitated by movement of persons
- create a liberalised market for goods & services through successive rounds of negotiations
- movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs
- lay the foundation for the establishment of a Continental Customs Union at a later stage
- Gender equality and structural transformation of the State Parties
- Competitiveness of State Parties within the continent and the global market
- Promote industrial development through diversification and regional value chain development, agricultural development and food security (Is AfCFTA a framework for Industrialization?)
- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes
- But there is a new paradigm for continental Integration

Phase II and II update

Phase II (Investment, Competition Policy, Intellectual Property Rights)

- Draft Protocols for Phase II Protocols (Inv. IPRs & Competition Policy) have been adopted
- Draft Protocols are to be adopted by the Assembly - November Extra-Ordinary Summit, CoM – 27-28 Oct
- IPR Protocol (plant variety protection, geographical indications, trademarks, copyright, and related rights, patents, utility models, industrial designs, undisclosed information including trade secrets, layout designs, or topographies of integrated circuits and emerging technologies as well as intellectual property rights related to traditional knowledge, traditional cultural expressions and genetic resources)

Negotiations Update cont'd

- Competition Policy (Anti-Competitive Business Practices and Conduct; Establishment of the AfCFTA Competition Authority to administer and enforce the provisions of the Protocol; Establishment of the AfCFTA Competition [Tribunal/Court] responsible for the appeals against Decisions taken by the Authority in the implementation of the relevant provisions of this Protocol)
- Investment Protocol (Investment Promotion and Facilitation, Protection, Investor Obligations, Sustainable Development Relation Issues, Institutional Framework – Pan-African Trade and Investment Agency, Dispute Settlement – Amicable Resolutions, Dispute Prevention and Grievance Management, State-State, ISDS – yet to be agreed)

Negotiations Update cont'd

Phase III: Digital Trade and Women and Youth in Trade Protocols

- Stakeholder engagement (including a continental conference on women and youth in trade)
- Establishment of committees (for negotiations)
- Situation analyses,..... preparation of draft texts