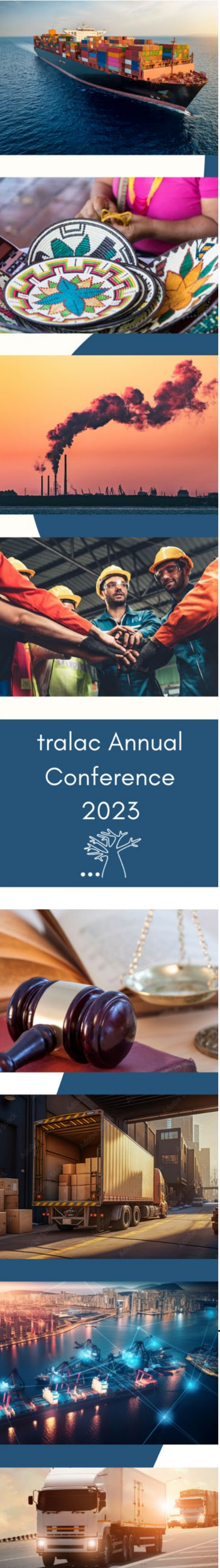


How can the AfCFTA promote a trade-related agenda on the protection of the environment?

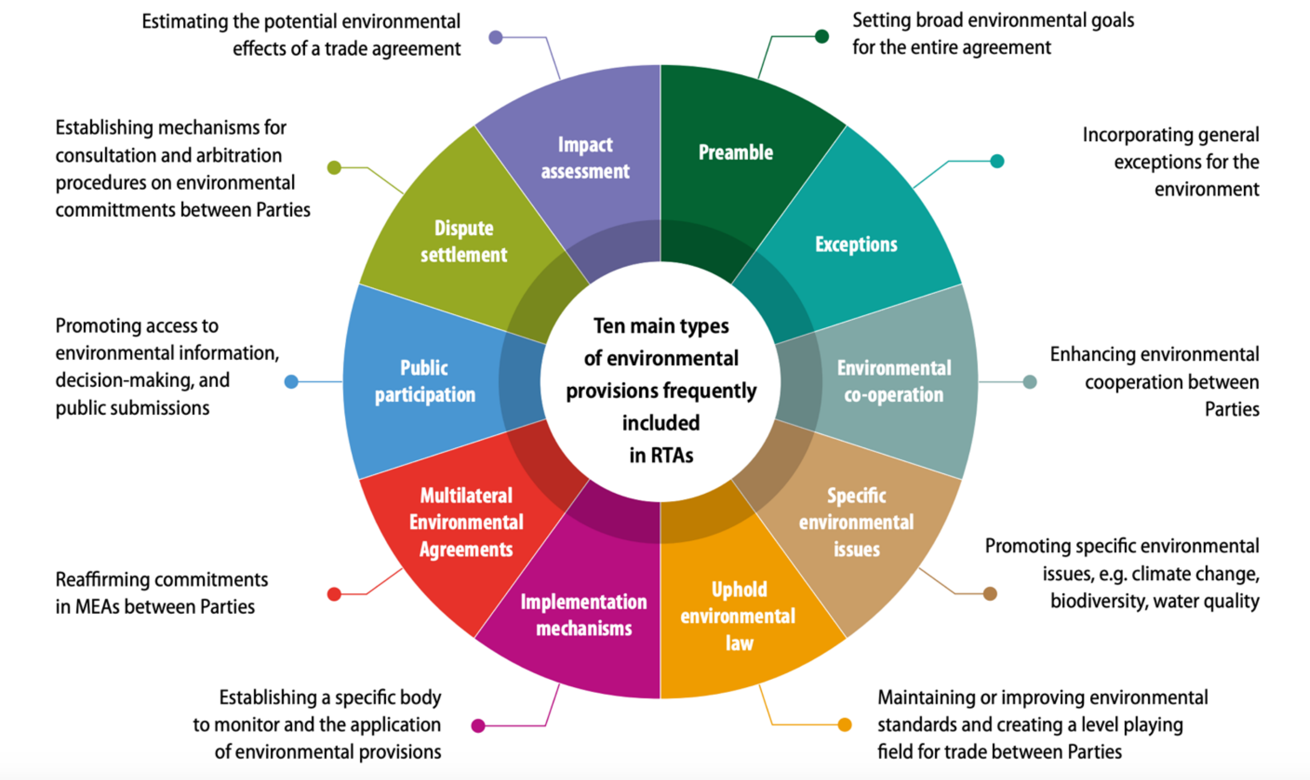
The African Continental Free Trade Area (AfCFTA) envisages a comprehensive and modern trade arrangement that promises to "promote and attain **sustainable** and inclusive socio-economic development, gender equality and structural transformation of the State Parties"[1]. It is a flagship project of the African Union's Agenda 2063, which includes the objective of achieving "Environmentally sustainable and climate resilient economies and communities" (Goal 7). Despite these aspirations and a global trend of modern RTAs addressing environmental issues extensively, the environment has not featured prominently in the AfCFTA's development.

Environmental provisions in the Agreement establishing the AfCFTA are limited to preambular language referencing sustainable development and general exceptions. These exceptions, found in the Protocol on Trade in Goods (Article 26) and the Protocol on Trade in Services (Article 15) apply to measures 'necessary to protect human, animal or plant life or health'. The outcome of the negotiations of Phase II contains more environmental provisions, most notably the Protocol on Investment which has a dedicated chapter (Chapter 4) aimed at the promotion and facilitation of sustainable investment.

While African countries have crafted a large number of commitments and strategies and dealing with issues relating to the environment and climate change, these initiatives are often not well-enforced and the links to trade measures are not well substantiated. These exist on both the continental and regional levels (notably five Regional Economic Communities[2] have Climate Change strategies). The AfCFTA, as a continent-wide trade initiative, presents an opportunity to harmonise commitments on trade and the environment

[1] Art 3 (e) AfCFTA Agreement
[2] SADC, ECOWAS, COMESA, EAC, and IGAD

and include provisions on follow-up action to build on the environmental agendas within the RECs. Adding a Protocol on Trade and the Environment/Climate Change is one option for pursuing this. Such a Protocol would have to be adopted and enter into force in terms of Articles 22 and 23 of the AfCFTA Agreement.



Source: OECD, 2023

In the case that a Protocol is negotiated, its effectiveness will depend on whether it includes provisions that create specific obligations for State Parties that require follow-up action at the national level. Procedures for monitoring, reporting, and reviewing these actions would be critical.

The AfCFTA State Parties could also focus their efforts on mainstreaming environmental considerations into their national implementation strategies. This has been the approach of 20 African countries[3] who have partnered with UNECA to identify new regional green value chains and develop national action plans to supplement their AfCFTA implementation strategies.

As the AfCFTA is now a framework for Africa's industrialisation it is important to consider how this framework, specifically the value chain agenda in the context of the AfCFTA, promotes climate-resilient, low-emissions production and supports diversification into green products, services and supply chains. The financing

[3] Algeria, Burkina Faso, Burundi, Cameroun, Chad, Democratic Republic of Congo, Gabon, Gambia, Kenya, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Rwanda, Senegal, Togo, Tunisia, Zambia, Zimbabwe

instruments supporting RVC development (notably from Afreximbank), cross-border infrastructure projects, and Special Economic Zones, should align with a green industrialisation agenda. This is not just important for combatting global warming but also for ensuring the future competitiveness of Africa's exports as global demand for low-carbon products increases and regulations penalising carbon-intensive goods advance.

A recent report from the Africa Climate Foundation finds that Africa's emission-intensive exports are under threat from the European Union's Carbon Border Adjustment Mechanism which could reduce Africa's GDP by close to 1%, equivalent to $25 billion.

tralac gratefully acknowledges the support of its Development Partners

Sweden Sverige

IDRC · CRDI
International Development Research Centre
Centre de recherches pour le développement international