



# What have we learned from the Guided Trade Initiative of the AfCFTA

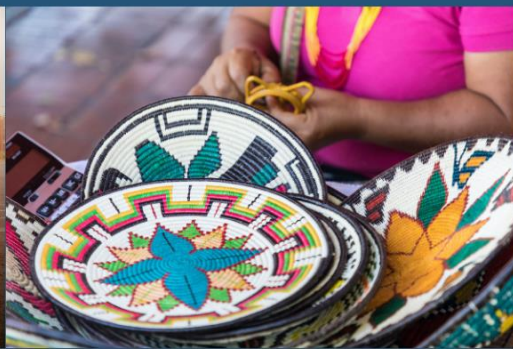
**CHAM ETIENNE BAMA**



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# BACKGROUND OF THE GTI

- The GTI is anchored in **Article 11 paragraph 3-j** of the AfCFTA Agreement which mandates the Council of Ministers to make regulations, issue directives and make recommendations. The Ministerial Directive was issued during the 7th Meeting of the AfCFTA Council of Ministers responsible for Trade that held on 10th October 2021.
- It was launched on **October 7, 2022**, as a solution-based approach intended to achieve its goal through matchmaking businesses and products for export and import between the interested State Parties in coordination with their national AfCFTA implementation committees.

# BACKGROUND c'tnue

- **Three major objectives** underpin the AfCFTA Guided Trade Initiative, notably:
  1. to allow commercially meaningful trading under the AfCFTA;
  2. to test the operational, institutional, legal and trade policy environment under the AfCFTA; and
  3. to send an important positive message to African economic operators.
- The State Parties involved in the AfCFTA GTI include; ***Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia.***

# BACKGROUND C'tnue

- **96 products** are currently eligible for trade under the Guided Trade Initiative some of which include: ceramic tiles, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fibre, amongst others.
- The choice of products for the GTI reflect the desire to meet with the disposition of article 3 (g) of the AfCFTA Agreement which seeks to promote industrial development through diversification and regional value chain development, agricultural development and food security.
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# WHAT HAS HAPPENED SO FAR?

- Effective exportation of goods under the AfCFTA through the GTI started on October 7, 2022;
- Cameroon's first exports under the AfCFTA included; tea (HS Code 090220) Safflower (HS Code 120760), dried pineapples (HS Code 080430);
- To accelerate the implementation of the GTI in Cameroon, the Minister of Trade on September 8, 2022 designated the Cameroon National Shippers' Council (CNSC) as host institution of the Ad Hoc Sub-Committee in charge of facilitating the implementation of the AfCFTA GTI.

# OBJECTIVES OF THE AD-HOC SUB-COMMITTEE

- support the AfCFTA National Implementation Committee in the successful realisation of the AfCFTA GTI by conducting match making for businesses in Cameroon with those in other State Parties under the initiative;
- conducting market intelligence;
- capacity building programs for shippers as well as sensitization campaigns;
- monitor trade flow under the AfCFTA;
- liaise with focal points in State Parties to generate commands for Cameroonian products and produce an exporter guide under the AfCFTA amongst others

# WHAT HAS THE AD-HOC SUB-COMMITTEE DONE SO FAR?

- capacity building of members of the GTI Ad-Hoc sub-committee to bridge information/knowledge gap;
- sensitization of businesses 28-29 December 2022;
- a survey of 281 SMEs in various sectors of production on export readiness within the GTI;
- the establishment of a list of businesses classified as export ready
- market research using market access map of the International Trade Centre, Comtrade and others;
- partnership to support SMEs with eligible products to participate in match making events such as trade fairs, exhibitions, fora and showrooms (IATF, AfCFTA Business forum etc)

# WHAT HAVE WE LEARNED FROM THE GTI

- Identified key sectors with existing potential to immediately generate gains under the agreement and those with medium and long term potential to contribute significantly in the country's trade competitiveness;
- Export from Cameroon under GTI has been relatively timid and this confirms the famous saying that the benefits of trade agreements are not automatic. Complementary policy measures are required for Cameroon to fully take advantage of the AfCFTA;
- Infrastructure required to test products before certification by the Standard and Quality Agency is critical and the need for mutual recognition arrangements while waiting for a continental framework is urgent.



# WHAT HAVE WE LEARNED FROM THE GTI

- Production capacity is required to meet large scale demands for goods in importing countries;
- Financial institutions need to be informed of the huge opportunities offered by this continental market liberalisation scheme so as to redesign their credit portfolios to suite new demand triggered by the AfCFTA and play a critical role for it success;
- Export finance schemes are necessary at this stage to support SMEs access new markets and meet with the cost of logistics required to ship goods across the continent;
- The development of Special Economic Zones which has proven to be a successful approach to boost domestic production for export should be prioritized within the AfCFTA national strategy.

# WHAT HAVE WE LEARNED FROM THE GTI

- Policy reforms in export procedures, business registration, SME support and other related areas could play booster role in the capacity of business to prepare for the 1.3 billion consumer market;
- Best practices currently being implemented by Ghana, Kenya, Rwanda and others could help fast-track the implementation of the AfCFTA in Cameroon;
- As we look forward to phase II of the GTI, lessons should be drawn from the experience of the past seven months to better strategize as many State Parties are joining the commercially meaningful trade under the AfCFTA. Building on the best practices is essential but innovating on contextual challenges is important as there is no one size fit all solution.

# LESSONS FROM IMPORT ATTEMPT UNDER GTI

- Businesses have equally expressed the desire to import under the GTI but where confronted with two major challenges notably: non-eligibility of the exporting country and non-liberalization of product at this stage by the Economic and Monetary Community of Central African States (CEMAC). The case of Granular Urea- *HS Code 31021000 (fertilizer)* distributor who was previously importing from Ukraine and as a result of the ongoing war, has now decided to explore the Nigerian market where Dangote fertilizer is producing Granular Urea. Their import to Cameroon could not be processed under the AfCFTA rules due the fact that Nigeria has not completed domestic processes and made available the AfCFTA tariff book at the border and an AfCFTA Certificate of Origin

# LESSONS ON IMPORT ATTEMPT UNDER GTI

- Another case involved is that of a Shipper wishing to import other plasters- *HS Code 25.20.20.90* from Tunisia which a State Party in the GTI. However, it happens that, CEMAC's tariffs offers in the e-tariff book published by the AfCFTA Secretariat indicate a phase-out period of 13 years but with start of effective tariff dismantling from the 6<sup>th</sup> year which is 2026. The applicable MFN rate is 10% and under the agreed modalities of tariffs liberalisation, it is expected that CEMAC should apply a 0.77% tariff reduction each year to achieve zero tariff by 2033.

**WHAT HAVE WE LEARNED FROM THE GTI**

**END**

**THANK YOU FOR YOUR KEEN  
ATTENTION**