

Assessing Regional Integration in Africa

Next Steps for the African Continental Free Trade Area

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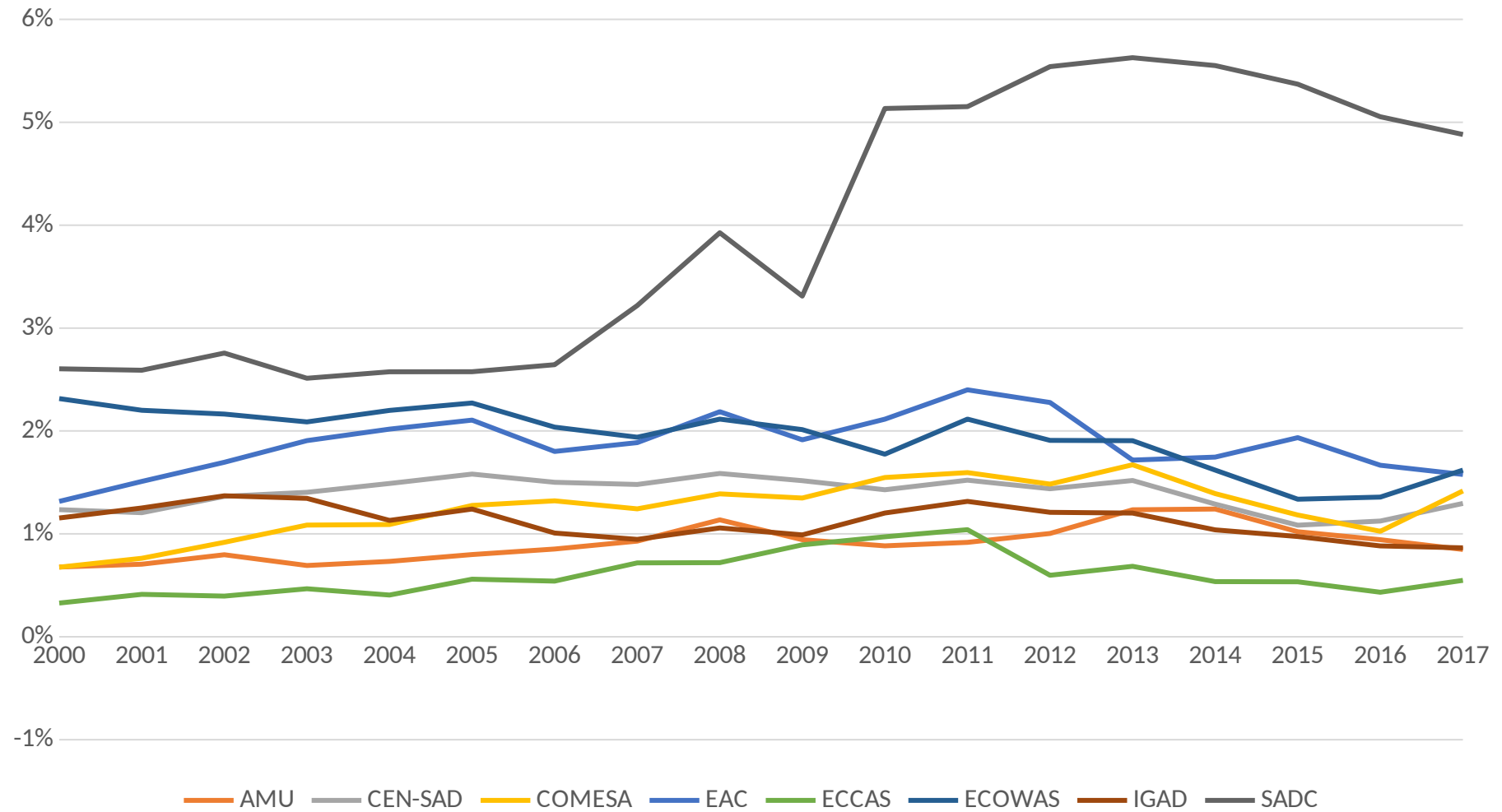


Status of regional integration in Africa

- **Monetary integration actively pursued in 5/8 RECs:** but insufficient progress in convergence indicators
- **Trade:** with the exception of SADC, intra-African trade remains low
- **Services integration important:** over 53% of Africa's GDP from services
- **Gradual progress in free movement:** but need to ratify AU Protocol
- **Continuing integration challenges incl:** limited energy and infrastructure development, overlapping membership of RECs; limited financial resources
- **Recommendations:**
 - Address “crisis of implementation” by translating promises made at continental and regional levels into actions
 - Importance of energy and infrastructure integration, and M&E (ARII)



Intra-African trade as a share of GDP





Status update on the AfCFTA

- **Remarkable progress:** 52/55 AU MS signed with 19 having ratified. Text concluded on all 4 Protocols and 10 of the 12 annexes: Schedules of Concessions and RoO – July 2019 deadline, specific commitments in services by end-2019 deadline
- **ECA AfCFTA forecast to have positive welfare benefits for all African countries without exception:** boosting total GDP and exports of Africa
- **Recommendations:**
 - Remaining AU MS should promptly ratify without delay
 - Rapidly conclude remaining technical work
 - Follow entry into force with effective implementation

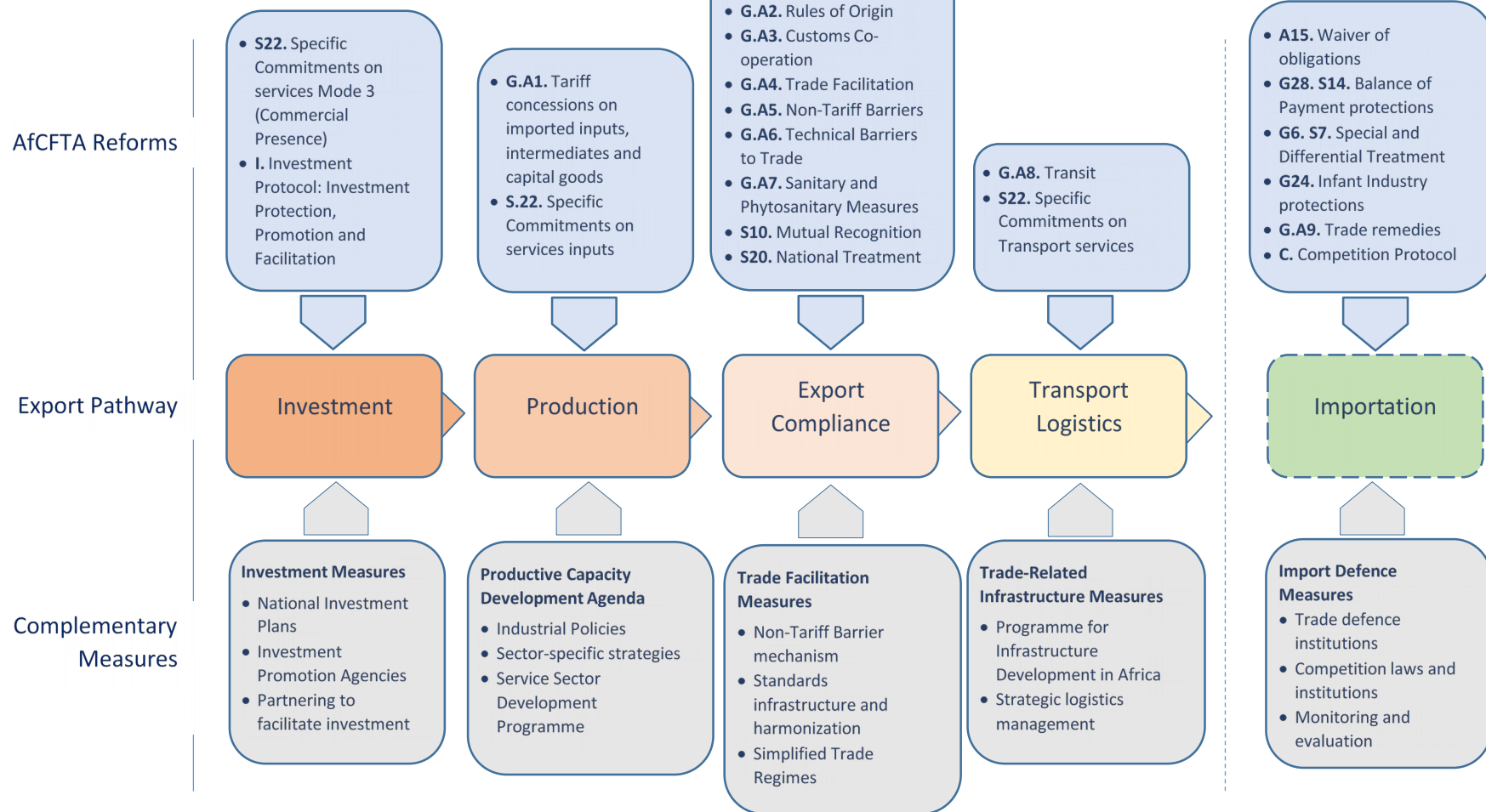


Taking full advantage of the AfCFTA

- Countries must buttress its implementation with complementary measures, within dedicated national AfCFTA Strategies, to support:
- **Investment:** with, *inter alia* targeting AfCFTA market; “matchmaking” between international and domestic firms; and “one-stop-shops” for investment
- **Productive capacity:** a) use industrial policy to create supportive enabling environment; b) use sector-specific strategies with regional focuses
- **Trade facilitation:** a) AfCFTA NTB mechanism; b) standards infrastructure; c) single windows / one-stop border posts; e) AfCFTA Simplified Trade Regime
- **Infrastructure:** implement PIDA and use strategic logistics management
- **Import defence:** pool resources for regional trade remedy and competition

3| Maximizing the AfCFTA gains

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Internal and external challenges to the AfCFTA

- **AfCFTA explicitly aspires towards deeper integration:** stated objective to “lay the foundation for the establishment of a Continental Customs Union”
- Care must be taken so that AfCFTA does not add an additional strand in the African spaghetti bowl of FTAs: should cohere trade policy landscape
- AfCFTA can provide a platform for a common approach to African trade relations with third countries
- **Recommendations:**
 - Strengthen the ambition of the AfCFTA over the longer term to consolidate the RECs and realize a continental customs union
 - Leverage AfCFTA as platform for negotiations with rest of world: reinforce a coherent African trade policy



AfCFTA Protocol on Investment

- **Africa's investment landscape is fragmented:** 854 BITs (512 in force), of which 169 are intra-African (44 in force) – many overlapping and “old generation”, often with ISDS, vulnerable to treaty shopping, and policy space
- **AfCFTA Protocol on Investment:**
 - Can be informed by the Pan-African Investment Code (PAIC)
 - Cohere the African investment landscape
 - Provide predictable, forward-looking and transparent rules
 - Substantive obligations and dispute settlement provisions need to be revisited and aligned with African developmental needs
 - Emphasis on investment promotion and facilitation, and dispute prevention

AfCFTA Protocol on Intellectual Property Rights

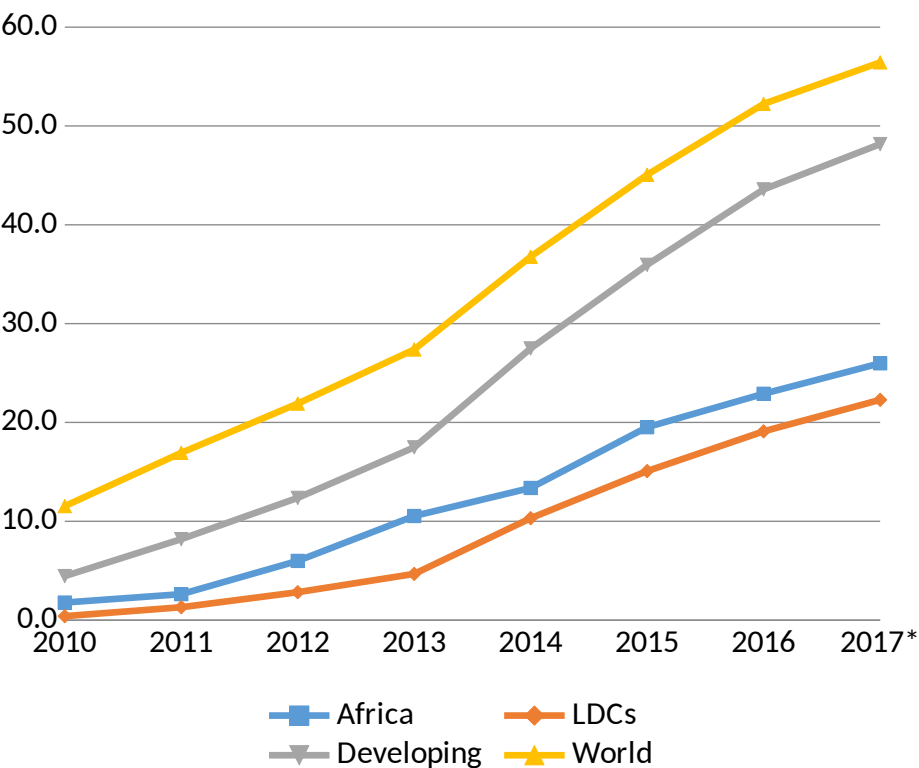
- **Africa's IPR commitments are fragmented:** 44 countries member to WTO TRIPs, others in different IP international agreements and FTAs with IPR
- **3 models proposed for integration in IPR:** a) regional cooperation and sharing of experience, b) regional filing systems, c) unification of IP laws
- **AfCFTA Protocol on IPR can:**
 - Provide guiding principles for national IP law and policy
 - Develop norms to safeguard specific African interests (TK, PVP, culture)
 - Provide regional IP exhaustion system to encourage RVCs
 - Develop guidelines and procedures for the enforcement of IP rights
 - Provide forum for cooperation between ARIPO and OAPI

AfCFTA Protocol on Competition Policy

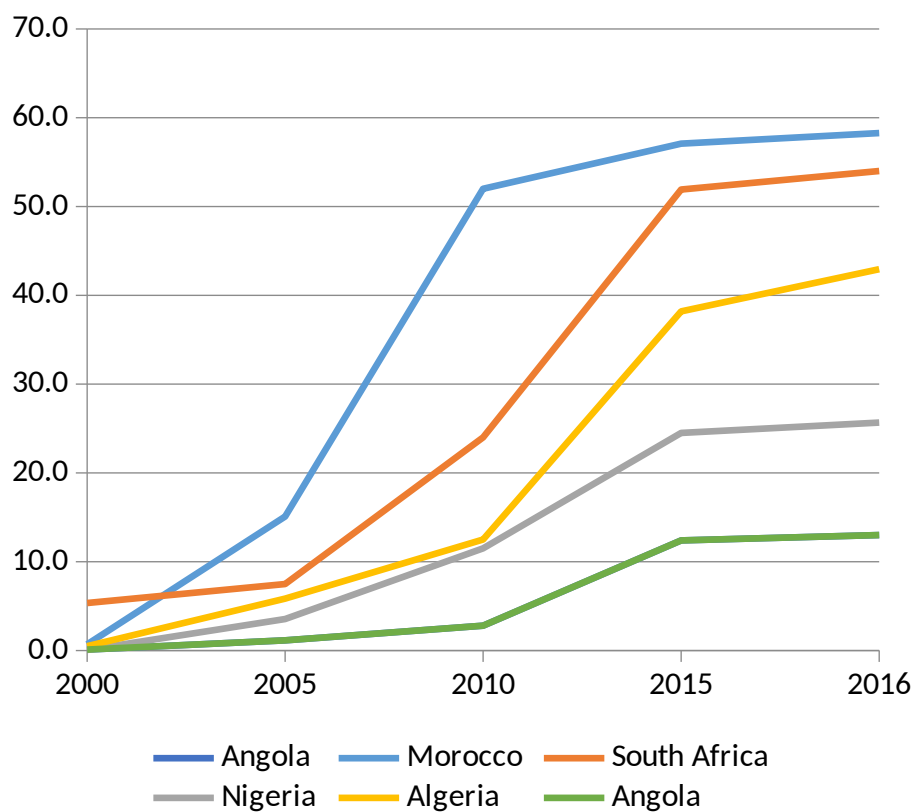
- **Africa's competition regime is patchy and incomplete:** only 23 countries have competition laws enforced by competition authorities
- **Competition drives growth:** cartels, abuse of dominance, anti-competitive practices etc cross over borders and limit development in Africa
- **AfCFTA framework for competition:** can build on efforts undertaken at RECs, including EAC, ECOWAS, COMESA, CEMAC and WAEMU
- **AfCFTA Protocol on Competition can:**
 - Provide substantive coverage of main competition issues
 - Be enforced through: a) supranational AfCFTA competition body (eg COMESA/EAC/ECOWAS), b) supranational body and cooperation network (eg EU), or c) competition cooperation framework (eg SADC)

E-Commerce in a Digitalizing Africa

Active mobile-broadband subscriptions, per 100 inhabitants (2010-2017)



Percentage of Individuals using the Internet, 5 biggest African economies





E-Commerce in a Digitalizing Africa

- **E-commerce is changing African economies:** worldwide e-commerce sales in 2016 reached \$26tr, yet less than 5% of the population are using the internet in Niger, CAR, Guinea-Bissau, Somalia and Eritrea
- **E-commerce policy landscape is evolving:** cooperation in Africa can prevent digital barriers and inhibit the fracturing of Africa by tech giants
- **Consistent digital rules in Africa:** can create environment where firms (digital or not) can fairly compete and simplify the rules for e-commerce
- **To foster regulatory cooperation on e-commerce, 3 options identified:**
 - Holistic African Digital Economy Strategy
 - Integrating e-commerce perspectives into existing AU instruments
 - E-commerce Protocol as an instrument within the AfCFTA



For more info, see: Upcoming ARIA IX

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