

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 pursed 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)

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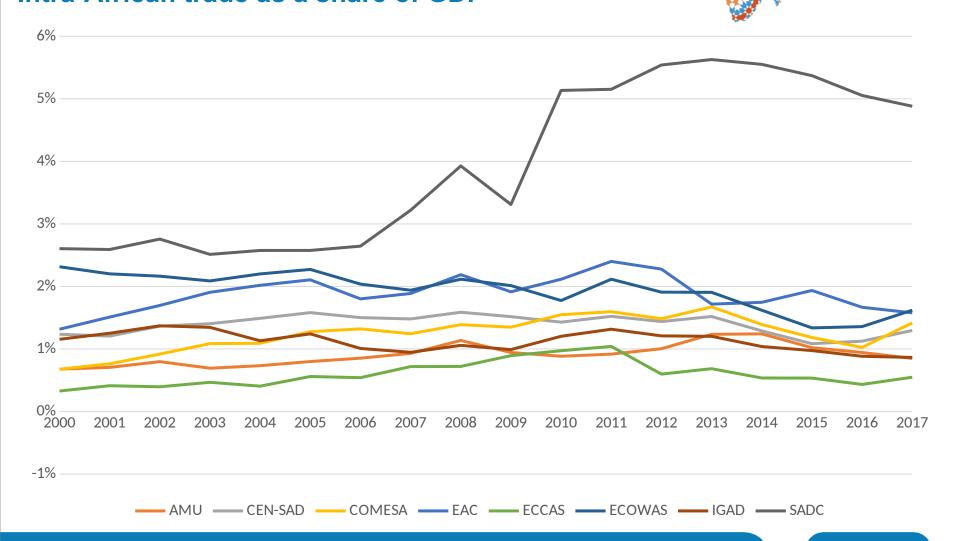
1 Status of regional integration

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Intra-African trade as a share of GDP

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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

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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
- Assessing Regional Integration in Africa | Next Steps for the AfCFTA UNECA ORGENIES
 Import defence: pool resources for regional trade remedy and competition

3 Maximizing the AfCFTA gains

• S22. Specific



Commitments on services Mode 3 (Commercial Presence)

I. Investment
 Protocol: Investment

 Protection,
 Promotion and
 Facilitation

 G.A1. Tariff concessions on imported inputs, intermediates and

 S.22. Specific Commitments on services inputs

capital goods

• **G5.** National Treatment

6

- **G9.** Elimination of Quantitative Restrictions
- G.A1. Tariff concessions
- G.A2. Rules of Origin
- **G.A3.** Customs Cooperation
- G.A4. Trade Facilitation
- G.A5. Non-Tariff Barriers
- G.A6. Technical Barriers to Trade
- **G.A7.** Sanitary and Phytosanitary Measures
- S10. Mutual Recognition
- S20. National Treatment

• G.A8. Transit

• **S22.** Specific Commitments on Transport services

• **A15.** Waiver of obligations

- G28. S14. Balance of Payment protections
- **G6. S7.** Special and Differential Treatment
- **G24.** Infant Industry protections
- G.A9. Trade remedies
- C. Competition Protocol

Export Pathway

Investment

Production

Export Compliance

Transport Logistics



Complementary Measures

Investment Measures

- National Investment Plans
- Investment Promotion Agencies
- Partnering to facilitate investment

Productive Capacity Development Agenda

- Industrial Policies
- Sector-specific strategies
- Service Sector
 Development
 Programme

Trade Facilitation Measures

- Non-Tariff Barrier mechanism
- Standards infrastructure and harmonization
- Simplified Trade Regimes

Trade-Related Infrastructure Measures

- Programme for Infrastructure
 Development in Africa
- Strategic logistics management



Import Defence Measures

- Trade defence institutions
- Competition laws and institutions
- Monitoring and evaluation

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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 bowel 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

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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

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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

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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)

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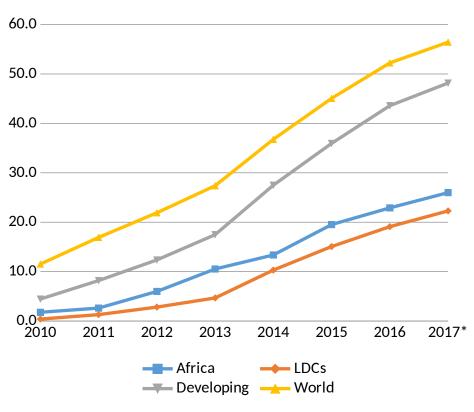
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8 E-Commerce in Africa

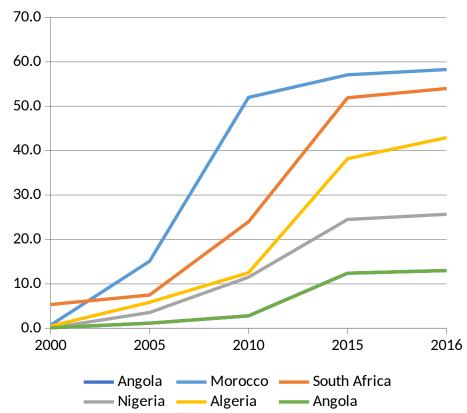
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E-Commerce in a Digitalizing Africa

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



Percentage of Individuals using the Internet, 5 biggest African economies



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11

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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





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