

FACT SHEET ON THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)
BENEFITS FOR AFRICA AND NIGERIA

I. FACT SHEET ON THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

- A commitment by the African Union (AU). Decision to establish the African Continental Free Trade Area (AfCFTA) was taken in 2012 by all Heads of State and Government of the African Union (AU) at their 18th Ordinary Session.
- AfCFTA is the first step in the implementation of AU Agenda 2063: the “Vision” for an integrated, prosperous and peaceful Africa.
- Actual Negotiations for the AfCFTA were launched at the AU Johannesburg Summit in 2015.
- The Negotiations are in two Stages: *Stage 1*, covering Trade in Goods and Services; and, *Stage 2*, covering intellectual property, competition policy and investment.
- *Stage 1* negotiations has been concluded in March 2018.
- A Transitional Implementation Work Programme has been developed and has been approved by African Ministers of Trade
- During the Extraordinary Summit of African Union Heads of State and Government held on 21st March 2018 in Kigali, Rwanda, The Agreement establishing the AfCFTA was signed by 44 Member States¹ and the declaration launching the AfCFTA by 43 Member States. Only 5 Member States² did not sign neither the declaration nor the Agreement
- The signed Agreement establishing the AfCFTA launches the “Single Liberalized Market for Trade in Goods and Services”.
- Upon entry into force, by the deposit of 22 instruments of ratification the AfCFTA shall be the largest Free Trade Area (FTA) in the global economy, by number.

¹ Niger, Rwanda, Chad, Angola, Central African Republic, Comoros, Congo, Djibouti, Ghana, The Gambia, Gabon, Senegal, Kenya, Mozambique, Saharawi Republic, Sudan, Mauritania, Zimbabwe, Cote d Ivoire, Seychelles, Algeria, Equatorial Guinea, Morocco, Swaziland, Tanzania, Tunisia, Burkina Faso, DRC Congo, Guinea, Liberia, Mali, Somalia, South Sudan, Uganda, Sao Tome and Principe, Togo, Malawi, Cameroun, Cape Verde, Libya, Madagascar, Egypt, Mauritius, Ethiopia.

² Nigeria, Sierre Leone, Guinée Bissau, Burundi, Eretria

- The AfCFTA is a negotiated rules-based system, to establish the rule of law in trade, deepen, and expand intra-Africa trade from its very low base of 14%.
- ***For Africa, the benefits are considerable.*** The AfCFTA would:
 - cover a market of 1.2 billion Africans with a combined GDP of US\$2.5 trillion.
 - would increase intra-African trade by up to 52.3%.
 - enable all AU countries to share in the welfare gains, which are estimated at around 2.64% of continental GDP - roughly \$65 billion in 2018 terms.
 - increase real wages for unskilled workers in the agricultural and non-agricultural sectors, as well as for skilled workers, with a small shift in employment expected from agricultural to non-agricultural sectors.
 - be accompanied by additional dynamic benefits, notably, export diversification, durable sustained growth, an enlarged regional market that better attracts FDI, with wider economic space for industrialization and catalytic effects for structural transformation.
 - expand the size of Africa's economy to US\$29 trillion by 2050, as estimated by the United Nations Economic Commission for Africa.
- ***For Nigeria, the gains are significant.*** The AfCFTA would:
 - expand market access for Nigeria's exporters of goods and services, spur growth and boost job creation.
 - eliminate barriers against Nigeria's products.
 - provide a Dispute Settlement Mechanism for stopping the hostile and discriminatory treatment directed against Nigerian natural and corporate business persons in other African countries.
 - establish rules-based trade governance in intra-African trade to invoke trade remedies, safeguard the Nigerian economy from dumping and unfair trade practices;

- support the industrial policy of Nigeria through the negotiated and agreed “Exclusion and Sensitive category lists” to provide space for Nigeria’s infant industries.
- improve competitiveness, the and the ease of doing business.
- provide a platform for Nigeria’s continued leadership role in Africa.
- consolidate and expand Nigeria’s position as the number 1 economy in Africa.
- stimulate, specifically, an estimated 8.18 percent increase in Nigeria’s total exports, with a small structural shift in Nigeria’s economy towards manufacturing and services. This is expected to lead to a total increase in Nigerian economic welfare by 0.62% - equivalent to around US\$2.9 billion in 2018 terms. Changes would result from tariff reduction, ease of doing business and, trade facilitation.
- provide a platform for Small and Medium Enterprises (SMEs) integration into the regional economy and accelerate women’s empowerment.
- provide an expanded platform for Nigerian manufacturers and service providers for connection to regional and continental value chains.
