



## **Negotiating the CFTA**

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# Objectives and Guiding Principles for Negotiating the Continental FTA (CFTA).

Within the broader framework of the Abuja Treaty Establishing the African Economic Community, the objective of the CFTA is to achieve a comprehensive and mutually beneficial trade agreement among the Member States of the African Union. The Objectives of the CFTA are as follows;

- Enhance competitiveness at all levels .... at the industry and enterprise level through exploiting opportunities for scale economies, reducing business costs, continental/global market access and better reallocation of resources including through ...trade-related infrastructure



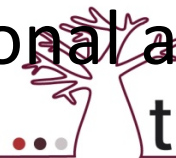
# Objectives and Guiding Principles for Negotiating the Continental FTA (CFTA).

- To overcome dependence on exportation of primary products and promote social and economic transformation for inclusive growth, industrialization and sustainable development in line with Agenda 2063;
- ...to expand and accelerate... diversification and dynamism of intra-African trade .... the aim to increase by 50 % trade among African countries by 2022 through better harmonization, coordination and implementation of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general; and

## .... Cont'd

In the context of boosting intra-Africa trade and realizing the transformational potential of increased trade among African countries, to create a freer market for goods and services, building upon the trade agreements within the regional economic communities and associated commitments and thus pave the way for accelerating the establishment of the Continental Customs Union;

Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes;



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These objectives are to be met through negotiations of the CFTA and accelerated efforts on industrial development to promote the development of regional value chains. Industrial development is pursued through, among others, the Action Plan for Accelerated Industrial Development for Africa (AIDA), the Action Plan for Boosting Intra-African Trade (BIAT), the Program for Infrastructure Development in Africa (PIDA) and the CAMI Workplan, which address the supply side constraints to ensure that market integration, is beneficial to all countries.



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## **Scope of the negotiations**

The scope of the CFTA shall cover Trade in Goods, Trade in Services, Investment, Intellectual Property Rights, and Competition Policy.

## **Sequence of negotiations**

CFTA negotiations shall be conducted in two phases. The first phase shall cover parallel negotiations on trade in goods, trade in services and movement of business persons. The second phase shall cover negotiations on the following areas: investment, intellectual property rights and competition policy. Negotiations in these areas shall be undertaken by dedicated structures. The negotiations shall be conducted concurrently.



# Negotiation and Guiding Principles (cont'd)

The Continental Free Trade Area negotiation process shall be guided by the following overarching principles:

The negotiations shall be Member State/REC/Customs Territories driven CFTA negotiations shall be undertaken by African Union Member States.

## **RECs FTAs as building Blocs for the CFTA**

The CFTA shall build on the progress that has been made in the trade liberalisation programs of the Regional Economic Communities: AMU, CEN-SAD, ECCAS, ECOWAS, IGAD, and the Tripartite Free Trade Area among Member States of COMESA, EAC and SADC. Tariff negotiations and the exchange of tariff concessions will be among Member States/Customs Territories of the CFTA that currently do not have arrangements in place among them.



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### Variable geometry

Variable geometry means the principle of flexibility, which allows progression in cooperation among Member/Partner States in a variety of areas at different speeds. The principle allows countries to join the CFTA at a later stage in accordance with the accession criteria agreed upon. The CFTA will allow co-existence of the different trade arrangements already achieved at the REC level and any trading arrangements to be reached during the CFTA negotiations.





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## **Flexibility and Special and Differential Treatment**

Flexibility, special and differential treatment should apply to transitional periods for the implementation of the CFTA agreement by countries at different levels of economic development and have individual specificities as recognised by other Member States. Member States should allow flexibility and recognise the special challenges facing different economies and the application of special and differential treatment will be considered during the negotiations.

## **Transparency including the disclosure of information with respect to the application of the tariff arrangements in each REC**

CFTA negotiations shall be conducted in a transparent manner including sharing information on tariffs, trade statistics, trade policy instruments and measures/regulations affecting trade and investment in their countries. This shall also entail an open and predictable negotiation process in which all interested parties are free to participate in an inclusive manner.

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### **Substantial liberalisation**

Substantial liberalisation means that the CFTA should cover substantially all trade among African Union Members.

### **MFN Treatment**

The Most Favoured Nation Treatment would mean that any advantages that an AU Member State offers to third countries outside the CFTA would be offered to other countries in the CFTA. The purpose is to ensure that countries that are in the CFTA trade on terms as good or better than offered to non-CFTA countries. These advantages would be extended on reciprocity.



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### **National Treatment**

National Treatment means the products of the territory of any African Union Member State imported into the territory of any other African Union Member State shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use.

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## **Reciprocity**

Reciprocity means that Members of the CFTA shall grant each other mutually agreed trade concessions.

## **Decisions shall be taken by consensus.**

This means that all decisions shall be taken on the basis of consensus.

## **Adoption of Best Practices**

Negotiations shall be guided by best practices in the regional economic communities, the AU Member States and international conventions binding AUC members States.

## **Commencement and conclusion of negotiations**

CFTA negotiations shall commence in 2015 and should conclude by an indicative date of 2017 in line with the Summit Decision and the Road Map for CFTA negotiations.

# Some Questions

- What is the Status of the Guiding Principles? (Note that formally this is a *Draft*)
- If you were the leader of your country's negotiating team, how would you prepare for these negotiations?
- If you were working for the AU Department of Trade, how would you prepare for these negotiations?
- If you were working for a donor organization, how would you view this plan?
- If you were a sceptical and experienced international journalist, what would you write about the CFTA?