

Fast-tracking the Continental Free Trade Area: RECs As Building Blocks



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Mr. Prudence Sebahizi
Chief Technical Advisor on the CFTA
Department of Trade and Industry
African Union Commission

Outline of the Presentation

- I. Africa at Glance
- II. The Role of Integration in Africa
- III. Background to Integration in Africa
- IV. Status of Integration in Africa
- V. Continental Free Trade Area
- VI. The Future of Africa's Integration

Africa at Glance (1)

- Despite, the challenges facing the continent, Africa's future looks very positive.
- As the second largest-continent in the world it contains 1/8 of the world's population, characterised by a large and growing youth-bulge.
- Economically, this translates to a projected GDP of \$2.6 trillion, consumer spending of \$1.4 trillion and 128 households with discretionary income, by 2020. (McKinsey & Co., 2010).
- In addition, Africa accounts for:
 - around 60% of the world's uncultivated arable land;
 - over 50% of the world's production of platinum, cobalt, tantalum & diamonds;
 - 11% of the world's oil, 6% of the world's natural gas and 4% of the world's coal, with more reserves being discovered at a rapidly increasing rate. (Mo Ibrahim Foundation, 2013).

The Role of Integration in Africa (2)

- **Creating Regional Value Chains to better penetrate Global Value Chains**
 - Between 1995 and 2010 Africa has faced significant difficulties participating effectively in international trade.
 - As a result, during that same time period African trade was stuck at 2% of the world total.
 - In addition, raw commodities account for over 50% of sub-Saharan Africa's exports and only less than 10% of Asian exports.
 - Asia's success is largely accredited to regional integration that allowed it to create efficient regional value chains that strengthened its position and enabled it to become a key player in global value chains.
- **Implementing the New Global Frameworks**
 - Integration will be vital to the successful implementation of both Agenda 2063 and Agenda 2030.
 - Agenda 2063, which absorbs the Abuja Treaty, is not only designed to be implemented within the framework of integration-with its National/Member States, Regional/ REC, and Continental/AU levels of implementation-but it also aims to enhance and accelerate African integration efforts as evidenced by its 12 continental Flagship Programmes whose focus areas include regional plans and continental frameworks such as the CFTA.
 - Agenda 2030 also relies heavily on regional integration and several SDGs are to be implemented explicitly through integration structures and frameworks.

Background to Integration (3)

- **Integration in Pan-Africanism**
- For hundreds of years, Africans have pursued integration-in various forms and contexts-as an extension of the Pan-African Agenda which promotes the unity and solidarity of African peoples in recognition of not only their common history, but also their shared destiny.
- **Integration for Political Liberation**
- Having gained freedom from slavery, Africans formally added a political dimension to integration in the 1900s, most notably through the formation and institutionalization of the Pan-African Congresses.
- **Integration for Economic Ownership**
- In the 1980s, integration took on a strong economic focus in response to economic crises and the failure of imposed western development policies.
- Africans set out to refine the Pan-African Agenda within the context of their contemporary challenges and perspectives.

The Treaty Establishing the African Economic Community (AEC) (3)

- The 'Treaty Establishing the African Economic Community (AEC)' (The Abuja Treaty) lays out a detailed time-bound schedule for African economic and political integration through six stages:
 - i. 1994 – 1999: Establish and strengthen African Regional Economic Communities.
 - ii. 2000 – 2007: Eliminate Tariff Barriers (TBs) & Non-Tariff Barriers (NTBs) in RECs.
 - iii. 2008 – 2017: Establish Free Trade Areas (FTAs) & Customs Union (CUs) in RECs.
 - iv. 2018 – 2019: Establish a Continental Level CU & Common External Tariff (CET).
 - v. 2020 – 2023: Establish an African Common Market (CM), including the free movement of factors of production and the right of establishment.
 - vi. 2024 – 2028: Establish a Pan-African economic and monetary union that includes the establishment of an African Central Bank and a single African Currency.

Measures to Strengthen the Abuja Treaty (3)

1. *The Protocols on Relations between the AU/AEC and the RECs (1998 & 2007)*

- ❑ To provide an institutional structure to coordinate relations between the AEC and the RECs.

2. *The Sirte Declaration (1999)*

- ❑ Shortening the implementation periods for the Abuja Treaty, strengthening and consolidating the RECs as the pillars of the AEC;

3. *The African Union (AU) – 2000*

- ❑ The Constitutive Act of the African Union (AU) was adopted at the 2000 Lomé Summit and came into force on the 26th of May, 2001.

4. *The New Partnership for Africa's Development (NEPAD) – 2001*

- ❑ An integrated economic development framework for Africa aimed at reducing poverty, putting Africa on a sustainable development path, halting the global marginalization of Africa, and empowering women.

5. *The Moratorium on the Recognition of RECs (2006)*

- ❑ This move paved the way for the rationalization of the relationship between the RECs and the AU. Only recognized 8 RECs.

6. *The Accra Declaration on the Union Government (2007)*

- ❑ Confirming the commitment of African Governments to accelerating the economic and political integration of African continent, with a view to creating a United States of Africa.

7. *The Minimum Integration Plan (2009)*

- ❑ As a mechanism for converging and accelerating the progression of the RECs towards the establishment of the AEC.

Status of Integration in Africa (4)

Intra-REC Integration					Inter-REC Integration			
1991	1994 - 1999	2000 - 2007	2008 - 2017		2018 - 2019	2020 - 2023	2024 - 2028	2034
Abuja Treaty	Establish & Strengthen RECs	TBs and NTBs	Intra-REC FTA	Intra-REC CU	Continental CU & CET	African Common Market (CM)	Pan-African Economic & Monetary Union (MU)	African Political Federation
EAC				2005 - 2010	TFTA 2008 - 2015	EAC CM 2009 - 2010	EAC MU 2013 -	EAC PF 2013 -
ECOWAS			1979 - 2000	2006 - 2015	CFTA 2015 -	ECOWAS CM 2015 -	ECOWAS MU (UEMOA) 1994 -	
COMESA			2009 -	2009 -	TFTA 2008 - 2015	COMESA CM 1984 -	COMESA MU 1992 -	
SADC			2005 - 2008	2003 -	TFTA 2008 - 2015	SADC CM 2003 -	SADC MU 2003 -	
ECCAS			2004 -		CFTA 2015 -		ECCAS MU (CEMAC) 1994 -	
IGAD					CFTA 2015 -			
CEN-SAD					CFTA 2015 -			
AMU								

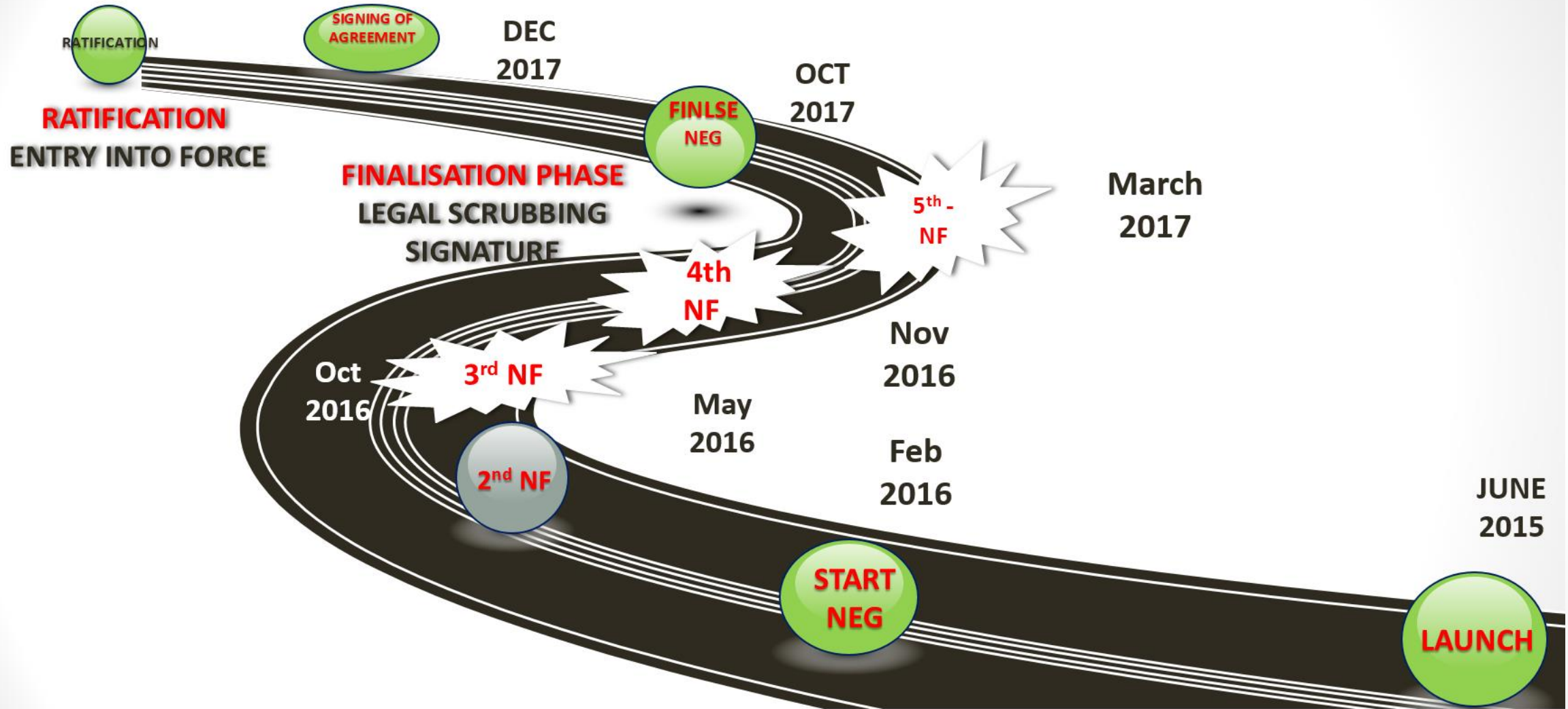
Status of Implementation of Abuja Treaty (4)

Stage	Description	AMU	CEN-SAD	COMESA	EAC	ECCAS	ECOWAS	IGAD	SADC
1	Strengthening of existing regional economic communities	✓	✓	✓	✓	✓	✓	✓	✓
2	Harmonisation of intra-REC economic policies	In progress	In progress	✓	✓	✓	✓	In progress	✓
3	Establishing REC FTAs Establishing REC CUs			✓ In progress	✓ ✓	✓	✓ ✓		✓
4	Coordination of continental level of the REC CET in order to establish a Continental CU								
5	Establishment of a Continental Common Market								
6	Establishment of a single domestic market and a Pan-African Economic and Monetary Union								

The Continental Free Trade Area (CFTA) (5)

- The Continental Free Trade Area (CFTA) initiative is in line with the **Abuja Treaty** (signed on 3rd June 1991).
- The 18th Ordinary Session of the AU Assembly held in January 2012 in Addis Ababa, adopted an Action Plan for Boosting Intra-African Trade (**BIAT**) and agreed on a roadmap for the establishment of a **CFTA** by 2017.
- The AU Assembly **launched the CFTA negotiations** at the 25th Ordinary Summit of Heads of State and Government on 15 June 2015 in Johannesburg, South Africa.
- The 27th Ordinary Summit of the AU Heads of State and Government that took place in Kigali, July 2016, reaffirmed its commitment to fast tracking of the CFTA by 2017.

Roadmap for Negotiations of the CFTA (5)



Structure for Negotiations of the CFTA (5)

Assembly of Heads of States and Government (HATC)

African Union Ministers of Trade (AMOT)

Committee Senior Officials

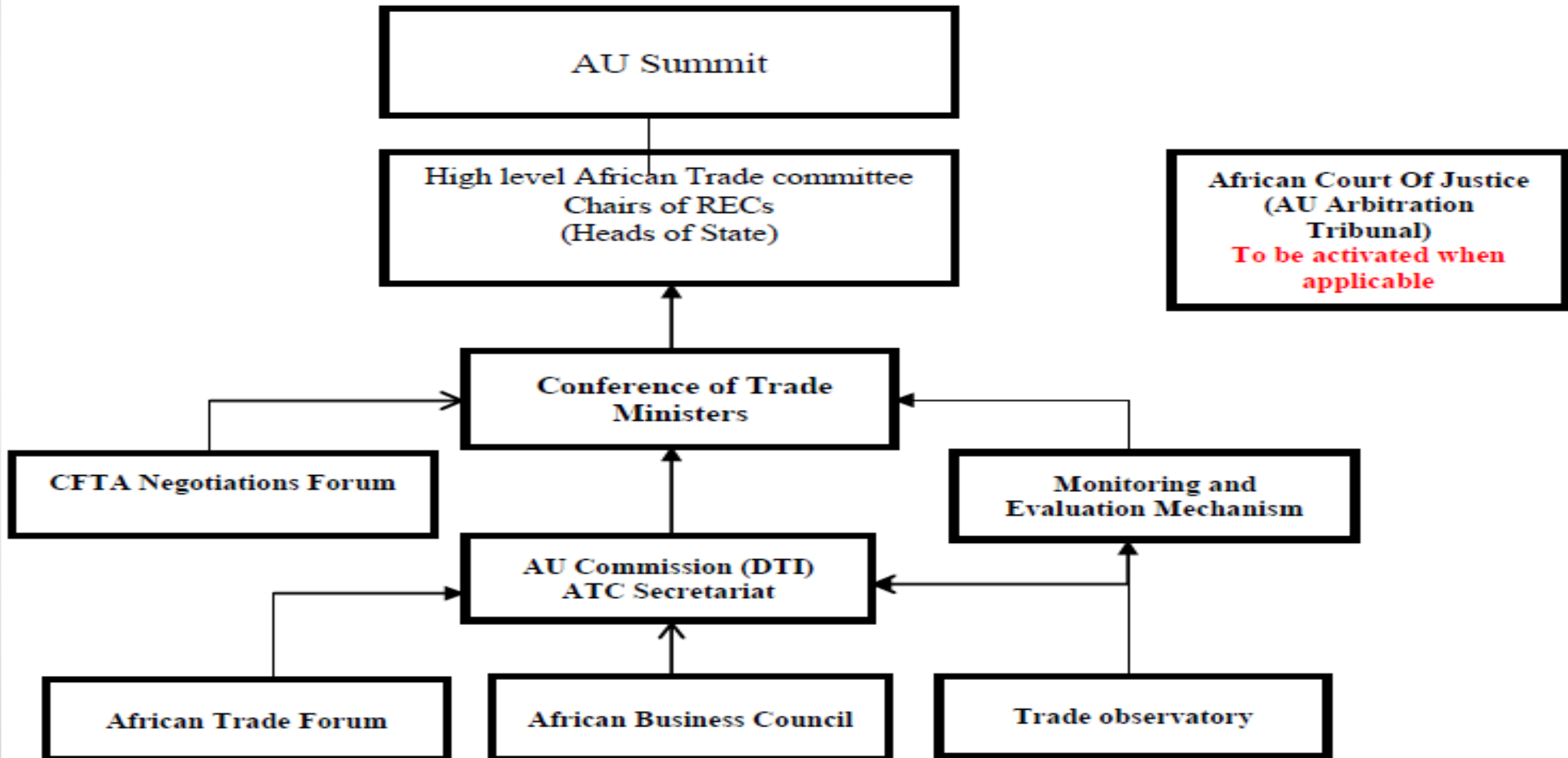
CFTA-Negotiating Forum (CFTA-NF)

Technical Working Groups (TWGs)

Stakeholders
Participation

Continental
Task
Force

Architecture for the CFTA (5)



CFTA Within AUC Policy Framework (5)

AU Agenda 2063

1. A prosperous Africa based on inclusive growth and sustainable development
2. An integrated continent, politically united and based on the ideals of Pan Africanism and the vision of Africa's Renaissance
3. An Africa of good governance, democracy, respect for human rights, justice and the rule of law
4. A peaceful and secure Africa
5. An Africa with a strong cultural identity, common heritage, values and ethics
6. An Africa where development is people-driven, unleashing the potential of its women and youth
7. Africa as a strong, united and influential global player and partner.

Boosting Intra-African Trade – BIAT

Trade Policy

Trade Facilitation

Productive Capacity

Trade Related Infrastructure

Trade Finance

Trade Information

Factor Market Integration

Continental Free Trade Area – CFTA

Trade in Goods

Trade in Services

Investment

Intellectual Property Rights

Competition Policy

Industrial Development

CFTA Enablers: AIDA, PIDA, CAADP, Etc.

Agricultural Transformation

Food Security

Energy

Transport

ICT

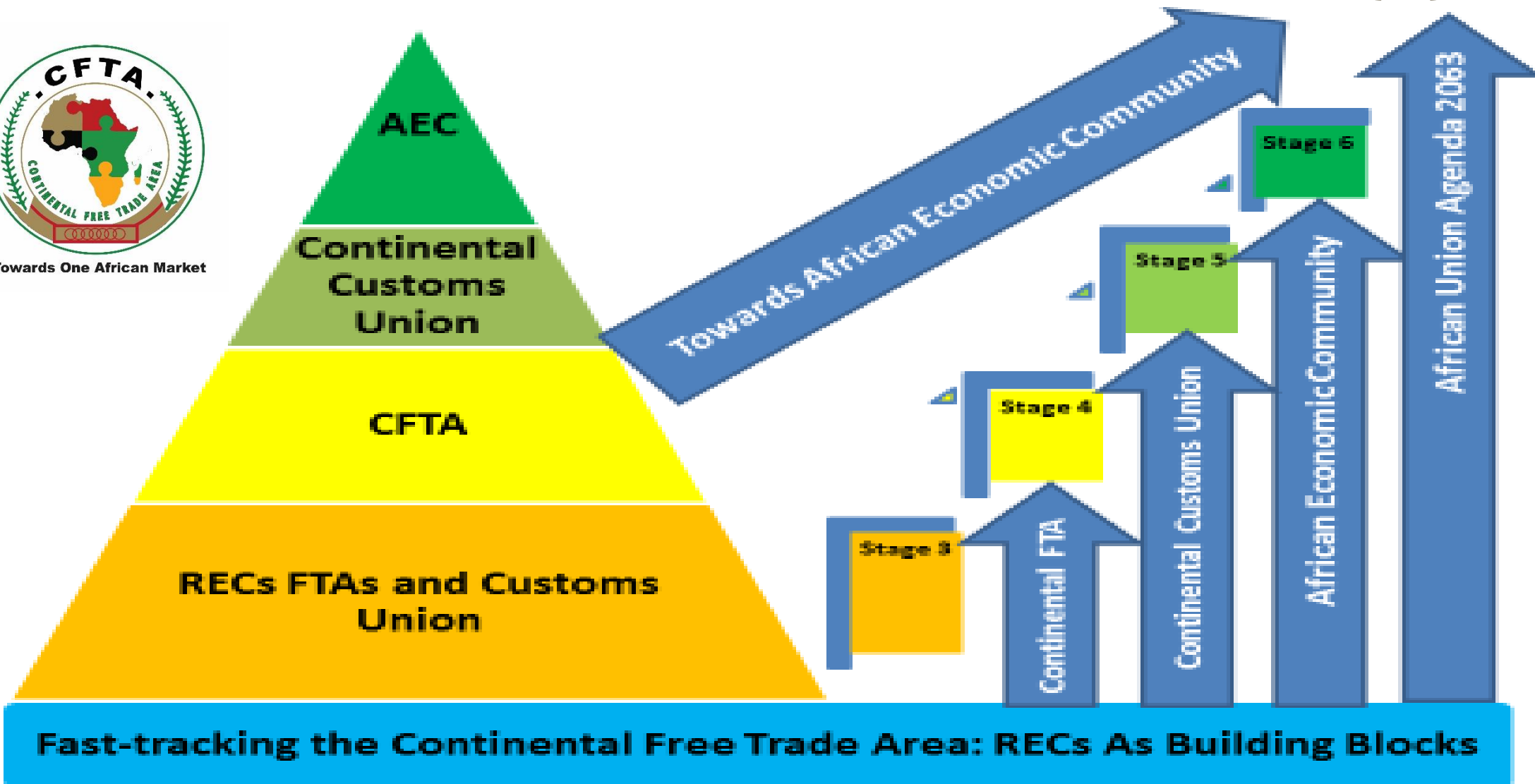
Water Resources

The Future of Africa's Integration:

Fast – tracking the CFTA in Abuja Context (6)



Towards One African Market





SebahiziP@Africa-Union.Org



- As Kenya's President Uhuru Kenyatta passionately put it: ***"There cannot be a good reason why it is easier for us to trade with Asia, Europe and the Americas, rather than with fellow Africans."***
- ***"The CFTA is critical NOT ONLY for its potential benefits, BUT ALSO to mitigate the costs associated with inaction"***. - UNCTAD

