

AFRICAN CONTINENTAL FREE TRADE AREA SECRETARIAT

Creating One African Market



The AfCFTA “Uptake and Challenges”

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Outline

- 1. Signatures and Ratifications**
- 2. Schedules of Tariff Concession**
- 3. Rules of Origin**
- 4. Non-Tariff Measures**
- 5. Status of Trade in Services Negotiations**
- 6. Dispute Settlement Mechanism**
- 7. Phase II Issues**
- 8. Implementation Tools and Instruments**
- 9. Way forward**



Signatures and Ratifications

- 54 of 55 African countries have signed the AfCFTA Agreement. State of Eritrea – the only remainder
- 43 African countries have ratified the Agreement Establishing the AfCFTA
- 43 African countries are State Parties to the AfCFTA Agreement by virtue of their ratifications and deposit of the instruments of ratification



Schedules of Tariff Concession

- Level of ambition of 97% tariff liberalization over a specified period of time = 3% Exclusions.
- 46 African countries have submitted their initial Offers to the AfCFTA Secretariat.
- Of All 46 offers (29 initial Tariff Offers recent increase to 36, representing 78% of the submitted offers) have been certified to have met the minimum threshold requirement of 90%.
- Technical verification continues on the remainder of the initial offers to ensure that they are Summit-modalities compliant.
- Ministerial Directive on the Application of the Schedules of Tariff Concession adopted by the Council of Ministers for provisional application of the offers.



Rules of Origin

Status of Rules of Origin Negotiations

- 88.03% of the tariff lines have been agreed upon under the Rules of Origin negotiations
- 11.97% of the tariff lines under the Rules of Origin negotiations are yet to be agreed upon:
 - Rules of Origin Manual
 - Final stages of the negotiations on the **automotive sector**.
- Outstanding Issues in the negotiations: Textiles (10.53%);



Additional regulations

- Special Economic Zones

- Infant Industries;



Table 1: Outstanding and adopted rules of origin by tariff lines (since COM 9 July 2022)

Sector	Number of tariff lines	As a percentage of all outstanding tariff lines	As a percentage of all tariff lines
Textiles and textile clothing	568	75.63	10.54
Motor vehicles	77	10,25	1.43
Adopted tariff lines	4,746	0	88.03
TOTAL	5,391	0	100%

Non-Tariff Measures



Non-Tariff Barriers

- Implementation of Annex 5 with a view to progressively eliminate NTBs.
- NTBs Work Program in place.
- The AfCFTA NTB Online Mechanism for reporting, monitoring and eliminating of NTBs, as a platform for the private sector to report NTBs.

Non-Tariff Measures



Technical Barriers Trade

- Annex 6 covers enhancing cooperation in the areas of standards, technical regulations, conformity assessment, accreditation and metrology, elimination of unnecessary and unjustifiable TBT, transparency, mutual recognition and capacity building.
- Detailed action plan with the African Organization for Standardization (ARSO) is now in place;
- initiating MoUs with the other Pan-African Quality Infrastructure (PAQI) Institutions
- ‘Made in the AfCFTA’ Certification mark for products traded under the AfCFTA, underway

Non-Tariff Measures



SPS

- Workplan and specific priorities are being defined
- The Secretariat is in dialogue with various international organizations and standard setting bodies to explore potential areas of collaboration.
- The Secretariat is working within the framework of the AU SPS Coordination Forum.

Status of Trade in Services Negotiations



- 46 African countries have submitted their initial Services Offers.
- Technical verification to ensure that offers are in line with the adopted modalities and Guidelines for Negotiating Trade in services under the AfCFTA and regulatory audits for some Member States.
- 5 Sub-Committees of the Committee on Trade in Services established in May 2021.
- Guiding Principles for Negotiating Regulatory Frameworks underway, to now start negotiating sectoral and cross-cutting regulatory frameworks.
- Outstanding Issues: Negotiations to commence on the remainder of 7 Services Sectors and regulatory frameworks.



Dispute Settlement Mechanism

- **AfCFTA Dispute Settlement Mechanism** Article 2 of the Protocol on Rules and Procedures on the Settlement of Disputes: ensures that the process of resolving trade disputes among AfCFTA State Parties are transparent, accountable, fair, predictable and consistent
- **Dispute Settlement Mechanism** is administered by the **Dispute Settlement Body (DSB)**. An Indicative List of Panelists for DSB has been developed.
- The DSB adopted the Modalities for the Selection of Members of the Appellate Body and agreed on the Rules of Procedure for the Selection Committee and Timeline to guide persons for appointment to the Appellate Body.



Phase II Issues

- Negotiations have commenced and the respective draft AfCFTA Protocols on Investment and Competition Policy, while for IPR key elements of the Protocol and structure has been agreed upon.



Implementation Tools and Instruments

- The AfCFTA website
- The AfCFTA e-Tariff Book
- Trading documents - Certificate of Origin, Origin Declaration, Supplier/Producer Declaration
- RoO Manual
- Non-Tariff Barriers online -
- Implementation Support – Adjustment Facility and Pan-African Payment and Settlement System (PAPSS)

Pan-African Payment and Settlement System (PAPSS)



- One of the key operational instruments of the African Continental Free Trade Area (AfCFTA).
- continent-wide payment and settlement system offers instant payments.
- Endorsed by the African Union (AU) on July 7th, 2019, in Niamey, Niger
- Institutional progress : ISO 27001 certified, confirming our alignment with the global best standards in information security
- Successful pilot and proof of concept in the West African Monetary Zone (WAMZ)
- Currently, PAPSS finalising the last preparations ahead of commercial banks transacting with one another. 16 Commercial banks have completed their implementation/integration to the PAPSS



Way forward

- To commence commercially meaningful trade, the AfCFTA Secretariat has developed an Initiative on guided Trade to be launched on 26th September 2022.
- State Parties to publish in their national/official gazettes the Provisional Schedules of Tariff Concessions.
- The Secretariat to continue the technical verification for the remaining Provisional Schedules of Tariff Concessions.



Way forward

- Continuous awareness raising among the private sector to use the NTB tool needed.
- Continuous support of AfCFTA Secretariat in handling of incoming NTB reports.
- Capacity building/coaching for REC & National focal points.
- A dedicated session of Senior Trade Officials to finalise work on the SEZs regulations.

Way forward



- On Rules of Origin, Article 42 of Annex 2 relating to transitional arrangements:
 - Conclude the outstanding 11.97% of tariff lines in Appendix IV;
 - A dedicated session of Senior Trade Officials will be convened to narrow the remaining options on CTH and Process Rule to apply to textiles and apparel
 - A proposed textiles investment and manufacturing strategy to be developed to guide the process;
 - Develop the AfCFTA Rules of Origin Capacity Building Programme.
- On Phase II issues the target is to conclude the negotiations on the Protocols by end of September 2022.

Challenges



General:

- Size of the membership. And the required resources.
- Early structural phase of the Secretariat.
- Absence of national committees for AfCFTA in some countries.
- Awareness and capacity building on AfCFTA developments and opportunities is collective responsibility.
- Negative impacts of global issues such as Covid19, War in Ukraine, etc.

Specific / Technical

- Current market access structure is complicated with long term reductions (13 year)
- Multiple stakeholders in trade in services technical negotiations.
- Transparency and notification of challenges by State Members for SPS and TBT .
- Harmonized standards and regulations across the continent is long term process with multiple stakeholders.
- Concurrent jurisdictions mostly in phase II issues.

The End



Thank You!