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AFRICA IN GLOBAL TRADE: AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) TO THE RESCUE?

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Abstract

While the AU argues that AfCFTA will boost intra African economic integration through increased trade and investment, the extent to which African states would reap the benefits of the free trade area remains unclear. This paper examined Africa in global trade: African Continental Free Trade Area (AfCFTA) to the rescue. The study, which is qualitative in its approach, argues that the number of states accepting regional economic integration initiative such as the AfCFTA is one of the major features of globalisation whose benefits have not been distributed equally. While the initiative symbolises continental unity as envisioned in the Abuja Treaty, its ambitious timelines pose integration hurdles. African regional integration seeks to counter colonial legacies, but challenges like underdevelopment, primary commodity dependence, protectionism, weak infrastructure, and security risks hinder progress. COVID-19 further complicates matters, diverting attention from AfCFTA to pandemic control. Though countries signed, economic implications warrant cautious consideration pre- and post-ratification. The study concludes that while most African countries may have signed the agreement, the implications on national economies would be considered by many before and even after ratification. The study recommends that the African Union should protect the vital interests of member states by commissioning in-depth studies and to carry out further enlightenments on the AfCFTA. This will go a long way in transforming Africa's trade potentials to benefits for the growth and development of member states.

Keyword: Global, Trade, Africa, Continental, Rescue

Introduction

Free trade is a system where government-imposed interventions and restrictions are unhindered in trade of products within or among member countries. Such government-imposed restrictions and interventions include taxes and tariffs, non-tariff barriers, such as regulatory legislation and quotas, (Fouda, 2012). The primary objective of a free trade agreement (FTA) between two or more countries is to increase productivity and improve international income generating economic activity for member countries. First classic economists-David Hume, Adam Smith, David Ricardo recognized the importance of free

markets and free trade that stimulates the efficient use of economy's resources and, economic prosperity. Their theories and that of Heckscher-Ohlin (1933) theory suggests that by going from autarky to free trade, the countries involved will tend to specialize in the production of those goods and services that each country has a comparative advantage and this will lead to increased efficiency and increased welfare of trade members. According to Walter Block, 1998 (Senior Economist, Fraser Institute, Canada), Protectionism on the other hand is a misnomer. He argues that only people protected by tariffs, quotas and trade restrictions are those engaged in uneconomic and wasteful activity.

He concludes that Free Trade is the only philosophy compatible with international peace and prosperity (Block, 1998).

The concepts of African Continental Free Trade Area (CFTA) in Africa was formed during the 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU) in January 2012, which adopted the decision to establish a free trade area by 2017 (Price Waterhouse Coopers, 2019). An Extraordinary Summit African leader held on the African Continental Free Trade Area (AfCFTA) from 17-21 March 2018 in Kigali, Rwanda, during which the agreement establishing the AfCFTA was pre-signed, along with the Kigali Declaration and the Protocol to the Treaty Establishing the African Economic Community relating to the Free Movement of Persons, Right to Residence and Right to Establishment. It is reported that in that session a total, 44 out of the 55 AU member states signed the consolidated text of the AfCFTA Agreement, 47 signed the Kigali Declaration and 30 signed the Protocol on Free Movement (Tralac, 2020). The main objectives of the AFCFTA as conceptualized are to create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Customs Union. As at 06 December 2019, 29 countries have deposited their instruments of ratification. The latter are Burkina Faso, Cameroon, Chad, Congo, Cote d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Mali, Mauritania, Mauritius, Namibia, Niger, Rwanda, Saharawi Republic, Sao Tome & Principe, Senegal, Sierra Leone, South Africa, Togo, Uganda and Zimbabwe. . Out of 55 countries, 54 have already signed the Agreement with Eritrea remaining as the only country to sign the AfCFTA Agreement (Tralac, 2020). Nigeria and Benin signed the AfCFTA Agreement during the 12th Extraordinary Session of the Assembly of the African Union on the AfCFTA in Niamey, Niger on 7 July 2019, which marked the launch of the operational phase of the AfCFTA Agreement. Nigeria was largely considered as a supporter of the free trade area and was expected to play a major role during the negotiations at the Kigali

Summit. However, it is reported that uproar by local businesses, policymakers and lobbyists within Nigeria Presidency made Buhari, the former Nigeria President to cancel his trip to Kigali in order to respond to complaints that their interests were not being accommodated. Nigerian government was initially skeptical about signing the AFCFTA agreement. However, after wide consultation and impact assessment as reported Nigeria became the 53rd country to join the African Continental Free Trade Area on 7 July 2019, when former President Muhammadu Buhari signed the agreement. On the 11th of November 2020, FG announced that it ratified Nigeria's membership to the African Continental Free Trade Area (AfCFTA), ahead of the December 5, 2020 deadline. The agreement goes into effect from the 1st of January 2021. Similarly, (Lloyd, 2011) submits that 'free trade enhances specialization of production in countries or sectors based on comparative advantage, it broadens the export markets, thus in turn generates growth of export, but in order to avoid constrains on trade balance, exports should surpass imports', (Lloyd, 2011).

Literature Review

Generally, most discussions on intraregional trade in Africa have been focused on the belief that African states are not doing well in terms of the global Gross Domestic Product (GDP). However, Sandrey (2015b) draws attention that there has been an upward trend in the Africa's share of global Gross Domestic Product (GDP), despite the widely shared perception that Africa is lagging in this aspect. This invariably means that Africa may be coming out from an extended period of stagnation. This is based on the most recent GDP data and predictions that support this perspective. At the same time there is a perception that much of this economic growth may be based upon resource exploitation and subsequent exportation to China particularly, which at the long run could be unsustainable. It is reported that: In spite of recording some impressive statistics including a third of its economies experiencing annual economic growth of more than 6%, and six out of the ten fastest growing economies in the world being from the continent, changed calls for ensuring that such growth is wide-

ranging and maintainable were made. This is particularly in view of the fact that the continent's population is expected to double to 2 billion by 2050 (Mwanza (2014) cited in Sandrey (2015)). In this period Africa is optimistically viewed as having potential to host a quarter of the global workforce. Depending on how this scenario is handled, it could become an opportunity or threat to the development process within and across countries within Africa. Creating jobs and facilitating entrepreneurship especially among women and the youth were therefore seen as the top priority which is key to ensure inclusive growth on the long term (Sandrey, 2015).

Sandrey (2015) further contends that two aspects of African trade are imperative and have attracted maximum attention of stakeholders. These are (a) the part that manufacturing products play (or do not play) in this trade and (b) the degree to which this manufacturing trade is becoming gradually influenced by Africa's exposure to the so-called BRIC nations of Brazil, Russia, India and China. These are therefore important aspects of African merchandise trade and should be explored comprehensively. Sandrey (2015) believes that important components such as agricultural, clothing, resources and manufacturing trade profile for Africa should be evaluated within the framework of the new friends (BRICs), the old friends (the European Union) and the United States (US)) and the good friends (intra-trade within Africa itself).

UNCTAD (2019) notes that Africa has a big domestic market that possesses significant opportunities. Presently, Africa accounts for 2.9 per cent of the world production and 2.6 per cent of the world trade even though 16.3 per cent of the world residents is living on the continent. There are important economic development gaps both between African and developed countries as well as among African countries. Poverty is still extensive in Africa where 32 out of 48 Least-Developed Countries (LDCs) are situated. Intra-African trade has enlarged in recent years to 15.4 per cent. Still, Asia and Europe are still the main trade partners of the continent. High dependence on trade in primary goods, high product and market attention of exports, and weak

regional production networks are among the main encounters of African countries. Low presentation in trade assistance indicators is also hampering the development of trade and the economy in the region. For instance, many African countries notch low in e-commerce, linear shipping connectivity and doing business indicators.

Part of the difficulty in Africa is due to small, fractured and partly isolated markets. Several African countries resorted to growth policies after gaining independence that included the creation of Regional Economic Communities (RECs). Though, several RECs have overlying memberships and seem to complicate instead of smoothing trade relationships among the African countries. African countries have been taking steps to integrate the continent through creating a continent-wide free trade area.

The Continental Free Trade Area (CFTA) framework treaty signed in 2018 by 44 African countries has determined long-term goals in deepening integration among African Union member States and building a well-off and united Africa. Among the main objectives of the CFTA are the assistance, coordination and better management of trade regimes as well as the abolition of challenges associated with multiple and overlying trade agreements across the continent. Through this agreement, African economies hope to strengthen the competitiveness of the local industries, realize economies of scale for domestic producers, better allocate resources and attract foreign direct investments (Longo et al 2001).

Dependence on primary goods and high concentration rates are hampering export growth potential. The high concentration of merchandise exports is an important challenge for African countries in achieving the Africa's 2063 Agenda and the United Nations' Sustainable Development Goals (SDGs). Many of these countries are still heavily relying on natural resources as primary source of external income while higher-value added agricultural products, manufacturing or services has yet to capture higher shares in exports. Natural resources account for about 56 per cent of the Africa's exports in 2016. A different kind of dependency is present in many

African countries' import structures as well: Many are net food importers. Similarly, numerous African countries, except some countries of Northern and Central Africa, are net energy importers. Often net food importers (exporters) are net energy exporters (importers) in the continent. In vindictiveness of the high dependence on primary goods, medium and high technology products are progressively gaining larger shares in trade during the last decade. Particularly intra-African trade can help to increase the technology content of the continent's exports as medium and high technology products account for 27 per cent of the total intra-African stock trade, more than twice the share for Africa's exports intended to the World. Africa's trade balance has been deteriorating over the last 15 years partly due to high product concentration, particularly natural resources. This will encourage and lead to an increase in the net trade and transactions among members. Without an originating status clause, the economic benefits to regional trade area members will be lost, thereby damping the political will to make more commitment to trade agreement, while the objectives of regional trade agreements (e.g. regional industrialization, regional structural transformation, regional economic diversification and enhanced regional trade) will be in serious jeopardy.

In other words, the originating status concept is important for harnessing the potential benefits of agreements to member nations. Under regional trade agreements, the only way to confirm the origin of goods is by establishing rules of origin. This is because economic gains will not accrue to regional trade area members if the rules of origin are not properly established and reliably implemented within the regional trade area. Rules of origin therefore serve as the pillar for effective application of preferences towards regional trade area members. Meanwhile, rules of origin are very important for preferential trade liberalization and are crucial to the development of the African Continental Free Trade Area. The *raison d'être* of preferential rules of origin is the avoidance of trade deflection, yet actual practice under regional trade agreements appears to undermine this objective, and rules of origin are now more or less becoming an

economic, political and trade-related instrument (Abreu, 2013).

Hence, UNCTAD (2019a) views that underlying problems in implementation could affect the gains which rules of origin supposed to bring to a regional integration process in terms of increase in intraregional trade and services, increased economic diversification, rapid industrialization and deepened structural transformation. Also, the issue of compliance costs could be connected with rules of origin especially in relation to certifying and enforcing compliance with originating status criteria and procedures, and such costs also vary depending on the different types of rules of origin. This entails that the efficiency of rules of origin in present extensive economic advances to countries in Africa under regional trade agreements will be based primarily on a range of factors which include among others the cost competitiveness in sourcing inputs among regional trade area members compared with sourcing from non-members.

Theoretical Literature

The theoretical foundation of this study is based on the Functionalist theory of integration which is anchored on the assumption that regional integration is important among countries in order to harmonize economic needs and promote mutual economic benefits and development. The theory propels the idea of developing a regional community or authority through a collective governance structure and; material interdependence; (Mitrany, 1966) among states. Common to the writings of Mitrany (1966), Haas (1958), Held (1996), Scholte (1993), and Rosamond (2000) among others are that the development of human skills, technological expansion and socio-cultural relativities that are evident within regional settings can be harnessed for collective interests. They can be transformed to functional roles expected to accomplish economic development. Creating a supranational body canvassed by the neo-functionalist school becomes the bedrock on which regional integration is anchored. Haas (1958:16) who developed this theory of neo-functionalism rejected the position of Mitrany (1966) that technical matters can be separated from politics. He argued that integration means getting self-interested political elites to intensify

their cooperation by shifting their loyalties towards a new center whose institutions possess or demand jurisdiction over the preexisting national states. This implies that member states of African Continental Free Trade Area (AfCFTA) will subsume their political and technical interests to be managed by a supranational body to be set up by member states. European Economic Community (EEC) managed through European Commission (EC), Asia Pacific Economic Cooperation (APEC), South Asian Association for Regional Cooperation (SAARC) among others, were highlighted as a good example that can be explored by others (Kegley, Jr & Blanton 2011: 154-160).

The theory of functionalism is important in explaining the fundamental idea behind the establishment of AfCFTA as an economic development strategy at a regional level. This means that the level of economic cooperation existing among the RECs has serious implications on the potential of the AfCFTA to boost economic development on the continent through intra-regional African trade. In other words, it is important to achieve integration and economic cooperation in different spheres including political, economic, social, cultural and ideological aspects etc, in order to effectively position the RECs and other regional integration initiatives/agreements such as the AfCFTA toward greater trade performances and trade relations within and among RECs in Africa.

Generally, the propositions of the functionalism theory serves as a framework to examine or appraise the extent to which AfCFTA has fostered regional economic cooperation on the continent by facilitating relevant strategies and macro-economic policies or trade rules that can boost participating countries' productive capacities in order to effectively share in the expected mutual benefits and gains of regional economic cooperation. In this regard, it can be perceived that existing economic strategies and trade regimes promoted in Africa have not been potent in addressing most of the impediments that undercut the gains and benefits of custom union. In other words, most of the trade regimes including the FTAs, RIAs, AfCFTA, TFTA, etc, have not been significant in boosting intra-African trade relations and performances as expected,

hence, the predominance of extra-African trade relations (import and export) with other world regions than concentrating on intra-African trade within the African continent.

In addition, the theory of functionalism avails the opportunity to interrogate the structural systems as well as functional mechanisms of RECs, and explain the existing administrative and structural problems as a result of poor integration within the complex organizational mix (including the relationship with participating countries). Thus, poor integration of the complex mix, or what neo-functional theorists called limited integration in functional and political spheres, underlies the low level of economic cooperation achieved within the RECs which has undermined the potential and prospects of AfCFTA in boosting intra-African trade relations and performances.

Methodology

This study adopts the ex-post facto research design. Ex-post facto research involves the use of systematic account of past events, of which the researcher has no power to manipulate but can only extract to make valid conclusion regarding interconnected variables. This study relies on the use of qualitative method of data collection. This study made use of secondary sources of data which involves the collection of documentary evidence, written descriptions and official reports are related to the issue of regional economic cooperation and intra-regional trade in Africa. This study makes use of qualitative descriptive method of data analysis. The qualitative descriptive method of analysis involves a descriptive analysis or explanation regarding data generated for the purpose of research.

Historical Background: Africa's Economic Integration

Regional integration, an important priority for Africa, has long been recognized by African leaders and people. African governments have concluded a very large number of regional integration arrangements, several of which have significant membership overlap (Sesay, 2008). The formation of the OAU in 1963 was seen as a major step in uniting and integrating Africa after independence. More attention was to be given to

the regional integration project with the launch of the Lagos Plan of Action (LPA) in 1980. The vision of regional integration was given programmatic direction by the UNECA then led by Adedeji Adebayo. The LPA called for the integration of the continent based on self-reliance, selfsustaining, and developmental regionalism. Though the LPA was criticised for not having a detailed implementation strategy for the integration process; a decade later, the OAU provided a roadmap for achieving African integration by adopting the African Economic Treaty (AET) establishing the African Economic Community (AEC) (Bach, 2016). The AEC seeks to promote cooperation and integration through regional integration schemes, intra-African trade, and to create a common market. The Abuja Treaty sets out a step-by-step approach to regional integration in Africa with the creation of the Regional Economic Communities (RECs) and a path for the creation of an AEC by 2028.

The adoption of the Abuja Treaty on June 3, 1991, which entered into force in 1994, was considered very vital for Africa's economic survival in a globalised world. Thus, rather than start from scratch, the AEC used existing RECs as the building blocks. Currently, eight economic blocs that are advancing the process of regional integration include: Southern African Development Community (SADC); East African Community (EAC); Common Market for Eastern and Southern Africa (COMESA); Economic Commission of Western

African States (ECOWAS); Economic Community of Central African States (ECCAS); InterGovernmental Authority on Development (IGAD); Arab Maghreb Union (AMU); and Community of Sahel-Saharan States (CENSAD).

The major regional blocs and membership are captured in table 1.

Table 1: Main REC/African Trade Blocs

Trading Arrangement	Member States
Common Market for Eastern and Southern Africa (COMESA)	Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Arab Republic of Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Tanzania, Zambia & Zimbabwe
South African Development Community (SADC)	Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe
South African Customs Union (SACU)	Botswana, Lesotho, Namibia, South Africa & Swaziland
West African Economic and Monetary Union (UEMOA)	Benin, Burkina Faso, Cote d'Ivoire, Guinea- Bissau, Mali, Niger, Senegal & Togo
Economic Community of West African States (ECOWAS)	Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone & Togo
Central African Customs and Economic Union (UDEAC)	Cameroon, the Central Africa Republic, Chad, the Republic of Congo, Equatorial Guinea & Gabon;

Economic Community of Central Africa States (ECCAS)	Angola, Burundi, Cameroon, the Central Africa Republic, Democratic Republic of Congo, the Republic of Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome & Principe
East Africa Community (EAC)	Kenya, Tanzania and Uganda; Cross border Initiative Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia & Zimbabwe
Economic and Monetary Community of Central Africa (CEMAC)	Cameroon, the Central Africa Republic, Chad, the Republic of Congo, Equatorial Guinea, Gabon, and Sao Tome & Principe
Economic Community of the Countries of the Great Lakes (C E P G L)	Burundi, the Democratic Republic of Congo & Rwanda
Indian Ocean Commission Comoros	Madagascar, Mauritius, Reunion & Seychelles
Mano River Union (MRU)	Guinea, Liberia & Sierra Leone

Source: Ministry of Commerce and Industry, Government of India 2017

As observed from Table 1, there are parallel and multiple memberships in the various regional trading blocs in Africa. In terms of stages and timelines for the attainment of the AEC, stage one, the creation of regional blocs in regions where such do not yet exist was expected to be completed by 1999. Stage two-strengthening of intra-REC integration and interREC harmonization of tariffs was expected to be completed in 2007. The third stage, involves the establishment of a free trade area and customs union in each of the regional bloc, and this is expected to be completed by

2017. The fourth stage, the establishing of a continent wide customs union is expected to be completed by 2019. In the fifth stage, to be completed by 2023, the establishment of a continent-wide African common Market is expected to be completed. The sixth and final stage, which is the establishment of a continent-wide economic and monetary union and thus, a currency union and parliament, is expected to be completed by the year 2028. Summary of the stages and timelines for achievement of the Abuja Treaty are presented in table 2:

Table 2: Summary of the Stages and Timelines for Achievement of the Abuja Treaty

Stage/Timeline	Target
Stage 1 – 1999	Strengthen existing regional economic communities (RECs) and establish RECs in regions where they do not exist;
Stage 2 - 2007	Stabilize tariff and non-tariff barriers, customs duties and internal taxes in force within RECs; develop time-table for gradual removal of tariff and no-tariff barriers to regional trade; strengthen sectoral integration at regional levels in all areas of activity; coordinate and harmonize activities among regional economic communities
Stage 3 - 2017	Establish a Free Trade Area (FTA) through implementation of the time-table for gradual removal of tariff and non-tariff barriers to intra-community trade, establish a customs union by adopting a common external tariff within RECs
Stage 4 - 2019	Co-ordinate and harmonize tariff and non-tariff systems among the various RECs with a view to establishing a customs union at the continental level by means of adopting a common external tariff

Stage 5 - 2023	Establish an African common market through sectoral integration; harmonization of monetary, financial and fiscal policies; and free movement of persons and rights of residence and establishment within the Continent
Stage 6 - 2028	Consolidate and strengthen the African common market through free movement of people, goods, capital and services; integrate all sectors; establish a single domestic market and a Pan-African economic and monetary union; set up the African Monetary Union, establish a single African central Bank and create a single African currency; set up the Pan-African parliament and election of its members by continental universal suffrage; finalize harmonization and coordination of RECs; set up the African multi-national enterprises in all sectors; set up the organs of executive organs of the AEC.

Source: Ihua, B., Ike-Muonso, M., and Taiwo, D. (2018). *An Independent Study on the Potential Benefit of the African Continental Free Trade Area (AfCFTA) on Nigeria*. Abuja: Nigerian Office for Trade Negotiations

According Antwi-Danso (2016), the successful regional trade blocs in the developed world will consistently deny developing countries, especially those in Africa access to global markets. As such, Africa must also integrate to protect its members and to make them a competitive force to gain access to world markets. As stated earlier, Africa's RECs are expected to be the building blocs of the AEC, however, by the early 2000s; the RECs were beginning to overlap as some countries became members of more than one REC and also committed themselves to joining more than one Customs Union. In order to sort out the situation in the ongoing regional integration process, Ministers of Trade and Industry of the three RECs (SADC, EAC and COMESA) led the process of building a FTA (Bach, 2016).

With the ECA playing a defining role, in June 2011, Heads of State of the SADC, EAC and COMESA launched the Tri-Partite Free Trade Agreement (TFTA) negotiations at a Summit in Johannesburg (Afrexim bank, 2018).

Negotiations and the Establishment of AfCFTA

In the post-World War II era, globalisation of the world economy has developed at a rapid pace. This has been made possible by increase in economic activities such as international trade and foreign direct investment (FDI). The pace of globalisation was also quickened by the multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). According to Urata (2002), beginning in the 1990s, new regionalism, which is economic in character, became a common

feature in the world and Free Trade Agreements (FTAs) have played a central role in the inclination towards regional integration. Globalisation of the world economy, especially in the areas of trade, production and finance, has made the world more interconnected and integrated (Heywood, 2011). This has led to the weakening of the autonomy of states, since financial markets are volatile in nature and affects national economies. In order for states to resist the pressures of globalisation, African states, most of which are small and vulnerable, saw the formation of regional groupings as a panacea to effects of globalisation. One major feature of globalisation is the proliferation of FTAs (Urata, 2002). Due to trade liberalization, countries are negotiating to bring down trade barriers by the use of bilateral and multilateral FTAs. More significantly, the retreat of the US and the United Kingdom, two major powers of the post-world war II era, who were the architects of the United Nations, the Bretton Woods Institutions (namely the World Bank and International Monetary Fund) and the multilateral trading system provided an opportunity for African countries to reflect on the system of multilateralism and its implications for regional integration in Africa. It is in this light that African leaders conceived, negotiated and adopted the AfCFTA (Ismail, 2019).

The roadmap of the AfCFTA was adopted by the AU Summit held in Addis Ababa in 2012. Specifically, the Heads of States of the AU endorsed the action plan on Boosting IntraAfrican Trade (BIAT) and adopted a decision to fast-track the establishment of a CFTA by

2017 through a 4-step roadmap. First, finalization of the COMESA-EAC-SADC tripartite FTA by 2014; second, establishment of regional FTAs by non-tripartite RECs that reflect the preferences of member states between 2012 and 2014; third, consolidation of the tripartite and FTA and other regional FTAs into a CFTA initiative between 2015 and 2016; and fourth, establishment of the CFTA by 2017 with the option to review the target date according to progress made.

The AU Heads of State and Government also adopted the Agenda 2063 in 2013, during the celebration of the 50th Anniversary of the OAU/AU in Addis Ababa. The AU Agenda 2063

- The Africa We Want, “is a strategic framework for the socio-economic transformation of the continent over the next 50 years. It builds on, and seeks to accelerate the implementation of past and existing continental initiatives for growth and sustainable development” (African Union, 2018). Among others, the aspirations of the agenda include an integrated continent where “free movement of people, capital, goods and services will result in significant increases in trade and investments amongst African countries” (AUC, 2015). The signing of the TFTA agreement encouraged African leaders to recommit themselves to pursuit of African economic integration project. This commitment resulted in the launched of the negotiations towards a CFTA on 15 June 2015, at the meeting of AU Heads of State in Johannesburg. In July 2016, African leaders decided to fast track the CFTA negotiations and created a High Level Panel to ensure the success of the project, with a deadline for its launch set by the end of 2017.

Following series of negotiations, the signing of the AfCFTA document was done at the 10th Extra Ordinary Session of the AU held from 17-21 March, 2018, in Kigali, Rwanda. If the signatories to the various instruments at this session are indicative of members’ support to Africa’s march towards achieving the AEC, then the need to unite becomes even more imperative. Out of the AU membership of 55 countries, as at March 2018, 44 countries signed AfCFTA Consolidated Text; 47 countries signed the Kigali Declaration; and 30 countries signed the Free Movement Protocol. While the number was encouraging, the delay in signing by

more influential countries on the African continent such as Nigeria and South Africa became an issue of concern. Even though most African countries signed the AfCFTA, many are yet to understand the deep implications for their economies.

The scope of the AfCFTA covers the protocol on trade in goods and protocol on trade in services, protocol on dispute settlement, protocol on intellectual property rights, protocol on investment and protocol on competition policies. The first phase covered negotiations on trade in goods and trade in services. Issues covered under the protocol on trade in goods included: tariff liberalisation, non-tariff barriers, rules of origin, customs cooperation, trade facilitation and transit, trade remedies, product standards, technical regulations, technical assistance, capacity building and cooperation. Issues covered under the protocol on trade in services are: transparency of service regulations, mutual recognition of standards, licensing and certification of services suppliers, progressive liberalisation of services sectors; national treatment for foreign services suppliers in liberalised sectors; provision of general security. Issues for negotiation under the protocol on dispute settlement are to be agreed upon. All these constitute items under phase 1 of the negotiations. Under phase two of the negotiation, issues for negotiation that fall under the protocol on intellectual property rights; protocol on investment; and protocol on competition policies are to be agreed.

The AfCFTA was to come into force for member states that have ratified the agreement, 30 days after the 22nd ratification has been deposited at the AU Commission and this was achieved on 30 May 2019. Following this development, the people of Africa elated and hoped that it was the dawn of a new era of interdependence in the African continent. Art 13, AfCFTA Agreement states that “the Assembly shall establish the Secretariat, decide on its nature, location and approve its structure and budget”. By February, 2020 it was agreed that the AfCFTA is expected to play a major role in managing the trade agreement and related affairs of the members, be located in Ghana, and Mr. Wamkele Mene was sworn-in as the first Secretary General of the AfCFTA) on 19 March 2020 . The negotiation of the tariffs will

aim to progressively reduce and eliminate customs duties and non-tariff barriers on goods. At this stage, the goal is for 90 percent of tariff lines to have a zero duty within 5 years or 10 years for the Less Developed Countries. According to the AU, the AfCFTA seeks to create a single continental market for goods and services with free, movement of business people and investments. Studies by UNECA affirm that by 2030, the African market size is expected to reach 1.7 billion people, with a combined and cumulative consumer and business spending of US\$6.7 trillion. Accordingly, the AfCFTA seeks to expand intra-African trade through better harmonisation and coordination of trade liberalisation and facilitation regimes and instruments across Africa regional economic communities and at the continental level (Mishra, 2018). This is to be achieved with full cooperation of countries that have signed unto the agreement.

Prospects and Implications of the AfCFTA

The prospects for the AfCFTA are hinged on the potential benefits to AU member countries. Strongly supported by UNECA and UNCTAD, they argued that the implementation of the AfCFTA will boost intra-Africa trade because the agreement is expected to eliminate tariffs on 90 percent of goods, with future possibility of scrapping tariffs on 10 percent of sensitive goods (Berthelot 2017). While the negotiators agreed on broad framework for the reduction of tariffs, the percentage of lines for each category is still to be negotiated. Negotiators know that the 'the devil is in the detail' (Ismail, 2019). Moreso, non-tariff barriers will also be addressed through negotiations. Consequently, intra-African trade is estimated to grow by 52 percent by 2022. According to UNCTAD, intra-African trade flows has been low between 6 and 12 percent (UNCTAD 2016). Comparatively, intra-regional trade was 60 percent in Europe, 30 percent in Association of Southeast Asian Nations and 21 per cent in South America (Oloruntoba & Nshimbi, 2017). The WTO had in 2015 estimated intra-Africa exports at 18 per cent, intra-Asian exports at 52 per cent, intra-North American exports at 50 per cent and intra-Europe exports at 70 percent. Africa's share of world trade stands at 3 per cent (WTO, 2015).

Numerous challenges that currently affect intra-African trade include, but not limited to, the low development level of African economies and their excessive dependence on commodity production and exports, protectionist trade policies, weak infrastructure, and high security risks. Accordingly, the AfCFTA is not only expected to bring together 55 AU member countries with combined population of 1 billion people and combined GDP of USD3.4 trillion, but also, expand industrial production, enhance inflow of foreign direct investment, and increase intra-African trade in industrial products to about US\$60 billion annually (ECA, 2017). One of the key sectors that are expected to benefit from the full establishment of the AfCFTA is the manufacturing sector. This will also lead to economic diversification. Unfortunately, the manufacturing sector represents less than 10 percent of the total GDP in Africa. Of course this cannot be achieved without the necessary trade-related infrastructure, reduced import duties and transit costs

UNECA and UNCTAD argue that the AfCFTA will create more prospects for businesses through a harmonized and value-added trade system, enable better access to financing, and increased inflow of foreign direct investment (FDI) into Africa. The numbers of countries that have signed the agreement suggest strong interests of member states in the FTA. At the Kigali Summit held on 21 March, 2018, total of 44 out of 55 AU Member states signed the consolidated AfCFTA Agreement, additional five signatures were added at the 31st AU Summit held on 1 July, 2018 in Nouakchott, Mauritania. Among the countries that did not sign, thus raising lots of concerns were Nigeria and South Africa, however, South Africa, alongside Sierra Leone, Lesotho, Burundi and Namibia signed the agreement in July 2018. Recently, the Vice President of Nigeria, Professor Yemi Osibanjo stated that Nigeria will sign the agreement (Chuks, 2018).

There are also several challenges in achieving the objective of the AfCFTA. Promising as it is presented, the AfCFTA, was launched at a time of rising sentiments of anti-global trade and anti-globalisation in some countries. These sentiments are borne out of the perception that the benefits of globalisation and trade

liberalisation have not been distributed in an inclusive manner. According to Bhagwati (2004), the large and stronger economies globally will dominate and carry more weight than the smaller and weaker economies. Continentally, there are significant gains to be made from the AfCFTA, but the gains are most likely to be unequally distributed. Presently, most African countries are far from ratifying the AfCFTA as well as implementing their legislation on the free movement of goods and people and their common external tariffs, which are all necessary in the implementation of the AfCFTA. At the Kigali summit, only 30 countries signed the Protocol to the treaty establishing the African community relating to free movement of persons, right of residence and right of establishment. Against the backdrop of recent security challenges such as terrorism in Nigeria, which some have blamed on influx of foreign mercenaries, the idea of creating a borderless Africa would continue to be approached with caution, hence seen as a gradual process. There are lessons to be drawn from the ECOWAS, which has adopted and operationalised a protocol on free movement of goods and persons since 1979.

The initiation of the AfCFTA seems to have been spurred by the presence of other mega-regional trade agreements (MRTAs) such as the Trans-Pacific Partnership (TPP), the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), and the US-EU Transatlantic Trade and Investment Partnership (TTIP). While the necessity for Africa to organize and position itself for competition in a globalised world, the lessons to be learned from history is that the developed countries of today have reached their competitive position through a high import protection on agriculture and infant industries. Furthermore, they have benefited from subsidies of these sectors, a practice which the EU has upheld doggedly in the agricultural sector. In addition, another criticism that has trailed the signing of the AfCFTA is that it is largely sponsored by the developed countries and the neo-liberal institutions so that African states would open up the African markets to their exports (Berthelot, 2017). This position has been confirmed by the statement made by Ms. Fatima Haram Acyl who

said: Let me take this opportunity to express my appreciation for the various partners that have been working with us in this regard, UNCTAD, TRALAC, UNECA, WTO and DFID through Trade Advocacy Fund. In the same vein let me also express my appreciation for the assistance that the Commission has received and continues to receive from various partners including the EU, GIZ, USAID, DFID, Sweden (Acyl, 2016).

In essence, the extent of Africa's ownership of the AfCFTA has been called to question (Berthelot, 2017). Since the AfCFTA has enjoyed the support of the AU, UNCTA, UNECA, and ADB, it can be understood why African leaders have endorsed it. However, civil societies have criticized the AfCFTA, noting that the processes involved in the design and negotiations of the CFTA were exclusive and the structures created for the CFTA have little or no space for the involvement of civil society, the private sector, and the different social groups and economic constituencies whose interests are implicated. While the African Civil Society insists that workers, farmers, traders, women and several other citizens were not carried along, the Third World Network Africa is of the view that the processes leading to the establishment of the CFTA have not been as transparent, participatory and inclusive (Berthelot 2017). The citizenry, the main beneficiaries of the CFTA need to be carried along in the implementation of the AfCFTA.

Some countries perceive the AfCFTA as a reintroduction of the Economic Partnership Agreement (EPA) introduced by the European Union (EU) and rejected by the majority of African, Caribbean and Pacific (ACP). The EU presented the EPAs as 'win-win' agreements, but some ACP countries have refused to sign them formally. Nigeria accounted for 72 per cent of West Africa's GDP and 52 per cent of its population in 2016. The Manufacturers Association of Nigeria (MAN) cautioned Nigeria not to sign the AfCFTA so as to avoid any unintended consequence of opening up the economy to foreign products through the back door and exposing the country's relatively disadvantaged productive sectors to unmanageable pressure. There is no doubt that international competition may also expose

small and weak companies to foreign giant companies due to deregulation or reduced protectionism. In essence, MAN perceives the AfCFTA as an attempt by the EU to pressure Nigeria and other African states to sign the EPA. The fears are not baseless, given Africa's weak position in terms of industrialization, the AfCFTA will only encourage industrialise countries to use other African nations to push their products into other parts of Africa.

The signing of the AfCFTA has been questioned, especially its implications for the agricultural sector. West Africa in particular faces a huge challenge of a growing food deficit, a population explosion and climate change (Berthelot, 2017). UNCTAD is of the view that the elimination of tariffs on intra-African trade in agriculture through CFTA would be a key factor because agricultural trade protection faces a rate higher than that of non-agricultural sectors. The position shows a lopsided understanding of this sector and its significance in Africa economic growth. The agricultural markets deserve special protection to avoid increase in food dependency through exposure of farmers. The reality is that unlike industrial goods and services, agriculture cannot self-regulate. Agricultural production and prices are subject to weather changes, which will increase with climate change, and fluctuations of commodity prices in the international market. Given that African farmers account for 70 per cent of the whole active population of the continent, the social impact of liberalising agricultural trade in the continent may produce undesirable outcomes (Audu, 2018).

The operationalization of the free trade area was due to begin in May 2020; but all scheduled meetings was postponed, and the novel coronavirus (COVID 19) pandemic has put the progress of the entire AfCFTA in the near future in jeopardy. The AfCFTA is the central platform of Africa's development efforts in promoting its inter-trade performance and the integration of its economies. But, as African governments are forced to shift their already limited capacities toward the coronavirus crisis, African countries show seriousness and sincere efforts to mitigate the crisis; little room is left for finalizing the agreement.

Challenges of African Regional Integration in the Context of the AfCFTA

Many regional integration schemes have been introduced in Africa in the post independent years. These integration efforts have been spurred at continental and sub-regional levels in anticipation of expected gains. According to the Abuja Treaty which entered into force in 1994, the goal of attaining a Pan African economic community comprising fifty-five states is expected to be achieved by 2028. The reality is that the AfCFTA is not a standalone project of the AU, but part of the wider continental project towards establishing an African Economic Community (AEC) as envisaged under the Abuja Treaty. More so, regional economic communities (RECs) are expected to serve as the major building blocks of the AEC.

These regional blocs also face a number of challenges, which have affected their ability to deliver much to uplift the economic conditions of their people, provide the good life and enthrone sustainable development. Amongst others, despite the signing of the AfCFTA, several challenges still confront regional integration in Africa. The first notable challenge is the gap between agreements and their implementation in Africa (Asante, 1996). The record of implementation of treaties, protocols and decisions is far from satisfactory. According to Hailu (2014), this can be attributed to "the adoption of unrealistic and unfeasible dates for implementation and lack of institutional architecture of the regional economic communities that has the power, authority and resource to enforce decisions and monitor the implementation of programmes". The second challenge confronting economic integration in Africa, particularly in reference to the RECs, is the existence of multiple, overlapping and often conflicting regional integration arrangements within the same region. Many African countries belong to more than one REC. Since, multiple memberships reflects the desire of countries to pick and choose various options offered by competing regional trading arrangements, perhaps the establishment of the AfCFTA will help to reduce the problem of multiple membership.

A third challenge of economic integration in Africa relate to initial conditions like the lack of complementarities among regional partners in goods and factors of production. The economies of African countries are mainly dominated by the agriculture sector, resulting in the non-complimentarity of the goods traded among these countries. Although intra-Africa exports are still dominated by primary products, manufactured and intermediate goods appear to be gaining significance in trade within the regional groups, which, however, is characterized by a small number of lightly processed exports.

The fourth and equally important challenge in regional integration in Africa, against the backdrop of the AfCFTA, is that of infrastructure. UNECA and UNCTAD clearly underscored the necessity of basic infrastructure in facilitating the success of the AfCFTA. Currently, many African countries face problems with roads, rail, ports, air transport, energy, telecommunications and other infrastructure. These are bound to affect the success of the AfCFTA. Infrastructure deficit is major constraints to economic growth and integration in Africa. Inadequacy of roads that connect African countries poses a challenge in boosting cross border trade. A related challenge is that of transportation sector in the continent and is characterized by fragmentation, inadequate capacity, and poor performance as road and rail network is sparse and many of its sea ports and airports are in need of refurbishment and expansion.

The fifth challenge is the fact that integration efforts in Africa have mainly been statecentric, confined to a narrow group of political leaders and technocrats. There is no or very minimal participation of the general public in discussing integration initiatives. The civil society in most African countries is hardly given serious attention on the issue of integration. Decisions at the continental and regional levels are adopted with limited participation and discussion at the national level. This manifested clearly in the process of negotiating the AfCFTA. Most stakeholders were not involved in the negotiations process. It is against this background that the Manufacturers Association of Nigeria (MAN), the Nigerian Labour Congress (NLC) and other civil

society groups protested the signing of the AfCFTA by the Nigerian government. Given the tensed scenario at home at that time, the Nigerian former President Muhammadu Buhari could not attend the Rwanda summit and sign the AfCFTA alongside the earlier signatories. Failure to disseminate decisions and treaties relating to regional trade and regional integration issues to private actors and the general public in general, has contributed to hindering the integration process of the continent. This has also contributed to the limited progress in mainstreaming regional integration agreements and decisions adopted both at the regional and continental level into national development plans and strategies. Implementation of the decisions at national level remains limited and a number of countries are yet to fully integrate the decisions into their national development strategies.

Conclusion

The study has examined Africa in Global trade: African Continental Free Trade Area (AfCFTA) to the rescue. The paper argued that the number of states accepting regional economic integration initiatives such as the AfCFTA is one of the major features of globalization whose benefits have not been distributed equally. It was also underscored in the paper that though the AfCFTA is a pillar and beacon in achieving the goal of continental wide integration envisaged in the Abuja Treaty. There is no doubt that AfCFTA is central as a driving force on the agenda of African economic integration. The AfCFTA could play role in effecting change to the structural deficiencies currently facing African countries in global trade. While some have argued that the World Trade Organisation (WTO) is obsolete, and the Doha round 'dead', the reality is that the developing countries have experienced insurmountable challenges under the WTO negotiations. It has also become clear that Africa needs to rethink its regional integration especially against the backdrop of recent developments in global politics and challenges of multilateralism. The exit of Britain from the EU referred to as Brexit, and the tendency towards increasing protectionism observed in Europe and other parts of the world where countries are closing their borders especially the United States under former President Trump's 'America first' trade policies

and threats to build a wall to protect the US from Mexican immigrants have revealed that the world is currently experiencing a setback for more open markets and regional integration in Europe and multilateralism globally. However, the reality is that most, if not all African countries, are far from being prepared to confront the pros and cons of the AfCFTA. The adoption of unrealistic and unfeasible timelines for implementation poses serious challenges to regional integration for Africa. The current challenges that could slow the implementation of the AfCFTA are myriad. These include, but not limited to, the problem of overlapping membership of the RECs, lack of complementarity of goods traded among African countries, infrastructure deficit in most African countries, and lack of popular consultations, involvement and participation of the nonstate actors in the negotiation process of the AfCFTA.

To achieve its objectives, the AfCFTA must be situated in major on-going continental policies and initiatives to trigger and sustain a spiral of endogenous economic transformation on the continent. Some of these are the Comprehensive Africa Agriculture Development Program (CAADP), the Africa Industrial Action Plan (AIDA), the Intra-African Trade Initiative (BIAT), the agenda 2063, as well as other regional and continental policies on infrastructure, energy, transport, finance, among others.

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Recommendations

- i. Given some of the concerns being raised by stakeholders in African countries, Africa should use the opportunity of the AfCFTA negotiations to review certain previous agreements between African countries and regions with external partners, in particular the Economic Partnership Agreements (EPAs) with the European Union, and to revise some intra-regional protocols and agreements where necessary.
- ii. African Union should protect the vital interests of member states by commissioning in-depth studies and to mandate member states to conduct nationwide enlightenment and sensitization programmes on the AfCFTA. This will go a long way in transforming Africa's trade potentials to benefits for the growth and development of member states.
- iii. The paper concludes that while many African countries may have signed the agreement, the implications on national economies should be carefully considered by many before ratification, domestication and implementation as this could affect government revenue, employment, agriculture, and critical sectors including industries, and many others.

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