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Overcoming external challenges to successful implementation of AfCFTA: how helpful are bilateral economic/trade arrangements?

Introduction

On March 21 2018, 47 African countries made the historic move to sign, adopt and launch the **Kigali Declaration for the Launch of the African Continental Free Trade Area**. In 2019, the Agreement formally entered into force, therefore binding those countries that have become state parties through the act of ratification that they completed through their domestic processes. AfCFTA was coming on the heels of the increasing resort to populist nationalism and receding globalization. These changes have implications for multilateralism. Despite the challenges facing Africa with multilateralism, international trade remains critical for achieving the United Nations Sustainable Development Goals of 2030 and enhancing economic growth both in the Global North and South. It is particularly critical for Africa with newly launched AfCFTA.

With the AfCFTA, Africa is poised to move from exports of unprocessed commodities and minerals to manufacturing and industrialization. Studies have shown that the AfCFTA can lead to structural transformation and foster the regional value chains that can enhance the contribution of African countries to the global value chains. On one hand, some analysts argue that AfCFTA can be undermined by global economic challenges, including external agreements by AfCFTA party states with non-member third countries. On the other hand, some argue that those external trade agreements have been, and can be, helpful for AfCFTA negotiation and implementation. From the late 1960s when the Yaoundé Convention was signed between members of European Economic Community and African Caribbean and Pacific countries to the Lome Conventions I-IV to the Cotonou Partnership Agreement, EU-African trade relations have been based on the principle of negotiated non-reciprocity or unilateral preferences under various preferential trade arrangements such as Everything But Arms Initiative and Generalized Systems of Preferences (GSP). It is noteworthy that the EU has pointed out that preferential trade agreements are a WTO-compatible exception to the Most-Favoured Nation principle of non-discrimination upon which the World Trade Organization is based. But there are serious disagreements on this assumption from scholars. To judge a preferential trade agreement as WTO-compatible, we would have to analyse such agreement on its own terms and merits. Although all EPAs are required to be WTO-compatible, whether they are, is another issue. Similarly, by 2025, the waiver that the WTO granted to the United States of America for the African Growth and Opportunities Act (AGOA) will expire (Gathii, 2017). While the Cotonou Partnership Agreement between the European Union and African, Caribbean and Pacific (ACP) has been extended till November 2021, this does not mean that the Agreement would govern trade relations till that date.

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With Brexit, the UK, which was originally part of the Cotonou Partnership Agreement is now entering into separate economic and bilateral trade arrangements with specific African countries.

China has also registered its footprint in Africa, with the country now being the largest trade partner with Africa after the EU as a bloc. On October 17 2019, China signed a Free Trade Agreement with Mauritius (see <https://foreign.govmu.org/Documents/2020%20-%20migrated%20data/News%20Section%20Documents/FTA%20China-Mauritius.pdf>);

Mauritius has done same with India. Now the question is, how do these side deals affect the AfCFTA considering that Mauritius is a party to the AfCFTA as well?

Despite the existence of a Continental Free Trade Agreement, many of the AfCFTA signatories have entered and are still entering into Bilateral or Regional Trade Agreements that could affect the implementation of AfCFTA. For instance, the EU has signed a Regional EPA with some Southern African countries. Kenya in East Africa also signed and ratified the EPA, while other countries in the sub-region are either yet to sign or ratify.

Russia and Turkey are also negotiating Economic and Trade Agreements with willing African countries.

In view of these developments, it is imperative for ECA and its partners to organize a Roundtable to discuss and develop a Policy Framework that can guide members' decisions and the AfCFTA Secretariat on the best way to respond to the challenges posed by the various arrangements with external actors. This Proposal sets out the format of the Roundtable to be organised.

Objectives of the Roundtable

- To identify and analyse the present and ongoing Economic/Trade Agreements between African countries, the EU, the USA, RECs, post-Brexit UK, China, Turkey and India etc.
- To analyse the possible implications and impacts of the impact and consequences of these arrangements on the African Continental Free Trade Agreement
- To determine the capacity of state parties in managing the effects of third-party agreements and compliance with the terms of the AfCFTA
- To develop a Policy Framework to be managed by the AfCFTA Secretariat, African Union, RECs and the State Parties responding to the possible spillover effects of the arrangement on the AfCFTA.

Duration:

27th-29th, April 2021

The Roundtable

The Economic Commission for Africa (ECA) in partnership with Carleton University, Canada and Pan African Strategic & Policy Research Group (PANAFSTRAG) will respond to the key objectives set out above through in-depth analysis by Experts from different regions of the world. It will bring Experts on Trade, Economics and

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Arrangements from the Institute of African Studies, Carleton University, Centre for Trade Policy and Law, Carleton University, Centre for Trade and Economic Integration, Graduate Institute, Geneva, African Union, and RECs.

Topics to be discussed will include the following:

- The World Trade Organization Rules and Regional Trade Agreements
- African Continental Trade Agreements Rules and RECs Implications for implementations
- EU-ACP Economic Partnership Agreements and the African Continental Free Trade Agreement
- AGOA, RECs; and the Bilateral and Multilateral African Continental Free Trade Agreement
- China Economic and Trade Arrangements and Proposal to AU, RECs and AfCFTA
- China Belt and Silk Initiative and African Continental Free Trade Agreements
- USA Bilateral Proposals
- UK Bilateral Proposals Post-Brexit
- Benefits, disbenefits of these arrangements to members and RECs
- Impact of these arrangements on the implementation of AfCFTA
- Managing the Benefits, minimising the disbenefits and ensuring positive impacts
- Establishing the Framework for enabling negotiation with AfCFTA Executives.

Outcomes:

- Policy Briefs and Advocacy
- Op-Eds in leading newspapers worldwide
- Special issue of a journal