

Executive Summary

This report discusses the African Continental Free Trade Area (AfCFTA) level of implementation and the development of implementation strategies. The paper has three key sections and each section has its data presentation findings and results. Section A is the level of AfCFTA implementation, Section B discusses the different treaties and protocols that formed the AfCFTA, and Section C tracks the national-level implementation strategies. Overall, the report discusses with the implementation process and its level of implementation.

The AfCFTA is a free trade area that connects 55 countries of the African Union (AU) and the eight Regional Economic Communities (RECs). The AfCFTA moved from negotiation to implementation process in May 2018, and the agreement entered into force. The implementation process's success depends on member's political commitment and capacity and has two stages. The first stage is that AU members are required to sign the AfCFTA agreement, thereafter ratify the agreement, and deposit the instrument.

The second stage is, AfCFTA members Gazette the tariff offers that include the Rule of Origin (RoO) and schedule of commitment. Before the Gazette, members should submit their tariff offer for validation by the AfCFTA Secretariat. Members of AfCFTA established the National Implementation Committee (NIC) and implementation strategies for negotiating the tariff offer. Currently, of the 55 AU members, 54 countries signed the agreement, and 47 members have ratified the agreement. In addition, 47 members submitted their tariff offer, of which 42 tariffs were validated.

Of the 42 validated tariff offers, 33 are submitted through their respective RECs namely CEMAC, ECOWAS, EAC, and SACU. Moreover, five NICs are operational with 33 national level and two REC's validated strategies. The member's and REC's engagement demonstrates the speed at which AfCFTA moved fast to the implementation stage. The trading under the AfCFTA initiative commenced parallel to the negotiation and implementation process. The different treaties and protocols that formed the AfCFTA are negotiated in three phases.

The phase one negotiations were Trade in Goods, Trade in Service, and Dispute Settlement Mechanism. Phase II negotiation is on Competition Policy, Investment Policy, and Intellectual property right and Phase III negotiated on the protocol of digital trade, women, and youths. The trading of AfCFTA is commenced only with phase I negotiation protocols and five operation instruments. Currently, phase II and Phase III negotiation is finalized where phase II negotiation is endorsed for adoption by members.

Member's state cooperation in the adoption of the different treaties is extraordinary. These enable countries to commence trading parallel to the negotiation and the implementation process. The trading of AfCFTA commenced on 1 January 2021, although the trading is not commercially meaningful. The AfCFTA started commercial meaningful trading on 7 October 2022. Eight countries that adopted the different protocols and treaties ratify the agreement, and submit their tariff offer participated in the first trading initiatives. The eight countries traded a total of 135 trade with a value of \$586,254.24 which contributed to the GDP of Africa.

Therefore, the AfCFTA member's political commitment and REC's engagement demonstrate the capacity of Africa to take advantage of the AfCFTA opportunities. However, several protocols, for instance, the protocol on the free movement of people, which fosters the AfCFTA trading remain unimplemented. Thus, there should be some mechanism that fosters the implementation of the different treaties and protocols for fostering the AfCFTA implementation. Against this backdrop, this research report discusses on the AfCFTA-level implementation, the different protocols and treaties that formed the AfCFTA, and the development of the implementation strategies.



Acronyms

AfCFTA	African Continental Free Trade Area
ATO	Africa Trade Observatory
AU	Africa Union
B2B	Business-to-Business
CAEMC	Central African Economic and Monetary Community.
CAPMAS	Egypt Central Agency for Public Mobilization and Statistics
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
ETH	Export Trade House
GDP	Growth Domestic Product
GTI	Guided Trade Initiatives
IGAD	Intergovernmental Authority on Development
ITC	International Trade Centre
Ketepa	Kenya Tea Packers
NIC	National Implementation Committee
NTB	Non-Tariff Barriers
NTM	Non-Tariff Measures
OEC	Observatory Economic Complexity

PAPSS	Pan-African Payment Settlement System (PAPSS)
PSTCs	Provisional Schedule of Tariff Concessions
Q	Quarter
RoO	Rule of Origin
RECs	Regional Economic Communities
SACU	Southern African Customs Union
SADC	South African Development Community
SME's	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary
TB	Technical Barriers
TOT	Terms of Trade
UMA	Union du Maghreb Arabe / the Arab Maghreb Union
UNECA	United Nations of Economic Community for Africa
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WTO	World Trade Organization

Part I: Current Level of AfCFTA Implementation



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1. Current Level of AfCFTA Implementation

The AfCFTA commenced trading under the agreement on 1 January 2021.¹ Ghana exported alcoholic products to South Africa and cosmetics to Guinea on 4 January 2021.² However, the trading was not commercially meaningful, although the legal premises for trading are based on the ministerial directive adopted at the 7th meeting of the AfCFTA. Commercially meaningful trading was launched on 7 October 2022 with a Guided Trade Initiative (GTI). The GTI aims to test the operational, institutional, legal, and viability of AfCFTA. Eight countries were selected to participate in the first trade initiative. These are Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia.

The eight countries are selected by considering their representation of the five regions of Africa; East, West, Middle/Central, South, and North. The eight countries transacted a total of 135 trades under the AfCFTA. Of which, 40 trade from Ghana, 50 trade from Kenya, 20 trade from Egypt, 10 trade from Mauritius, 8 trade from Rwanda, and 4 trade from Cameroon.³ Tanzanian and Tunisia commenced trading lately, which is April 2023 and July 2023 respectively. Hence the analysis of 2022 is based on the six countries' trade performance. Ghana, Kenya, and Egypt's trade volume account for about 80% of the trading, while the other three countries account for 20% of the trading with about half of the trading by Mauritius. This shows that the more volume and value of trade are occupied by the industrialized countries.

Egypt's export value is the highest, followed by Kenya, which has more impact on the country's as well as their respective region's GDP. This is because the trading of Egypt and Kenya is more compared to the trading of Cameroon, Mauritius, and Rwanda. Ghana has a trade deficiency due

¹ See Operational Phase Of The African Continental Free Trade Area Launched available at <https://au.int/en/articles/operational-phase-african-continental-free-trade-area-launched> (accessed 12 December 2023)

² Jane Kibiru and Christopher Onyango, Domestication, Compliance and Enforcement Key to Keeping Momentum of African Continental Free Trade Area (AfCFTA), p1 (2021)

³ See news by Mauritius Ministry of trade news about AFCFTA Guided Trade Initiative available at <https://www.mauritiustrade.mu/en/trading-with-mauritius/news/new/4811,afcfta-guided-trade-initiative> (accessed 12 July 2023)

to importing more products than exporting, although they took the largest AfCFTA trading share. Ghana imports from Cameroon, Egypt, Kenya, Mauritius, and Rwanda, while they only export to Cameroon and Kenya. This questions the proportionality of the trading and the impact on the GDP.

According to the United Nations of Economic Community for Africa (UNECA), trading between the six countries will increase by 20% in 2022. However, the nine-month-old trade journey, from October 2022 to now, traded about 135 products, while 4,500 trade is the plan. This means the level of the implementation of the AfCFTA is low, as the 135 trade means, about 3% of the 4,500 planned trade. Against this backdrop, the research assesses the current level of AfCFTA implementation concerning the trade volume, the bilateral trade flow, and the trade impact on the GDP of the six countries.

1.1 Data presentation and analysis

The data presentation discusses the eight countries' trade volume and value for both the export and import trade. It is a case study analysis by narrating each of the eight countries' export and import priorities as well as the trade volume and value under the AfCFTA. The case study analysis focuses on the eight countries' market access and market openness strategy. All in all, the analysis considers the eight countries' trade volume and value contribution to Africa.

1.1.1 Cameroon

Cameroon is among the eight countries that participate in the AfCFTA initiative as the only country that represents the central region of Africa. Cameroon's main export products are oil and agricultural products. According to the Observatory Economic Complexity (OEC) 2021 report, the country's half of exports account for petroleum, while other main exports include cocoa beans, sawn wood, coffee, cotton, aluminum, natural gas, and gold. Crude oil, petroleum gas, and cocoa beans account for the large volume of Cameroon's exports.

Cameroon's main imports are refined petroleum, furniture, wheat, and rice, where refined petroleum and furniture took the country's major import volume as per the OEC 2021 report. From this, we observe two main things in terms of the aim of AfCFTA establishment, which is fostering value-added trade and intra-Africa trade. In terms of value addition, Cameroon is exporting crude petroleum and sawn wood on one hand, and importing refined petroleum and furniture, on the other hand. This tells us the country's dependency on raw material export, while the money is on the value added.

In terms of intra-Africa trade, Cameroon is required to work on it. According to the OEC 2021 report, the major partners of Cameroon for export are China, The Netherlands, India, and the United Arab Emirates, while their main import partners are China, France, Nigeria, India, and Russia. From this, we observe that Cameroon's major trading partner is out of Africa, whereas Nigeria is the only major importing partner country from Africa. This means Cameroon is required to foster value-added and intra-Africa trade. For instance, the case studies in Benin, Cameroon, Ghana, and the Republic of Congo on wood products argue for the importance of the intra-Africa integration for the forest value chain.⁴

The forest value chain should be one main focus of Cameroon with the AfCFTA initiative, as Cameroon's top export is sawn wood, which is not the case in their first trading under the AfCFTA. Cameroon participated in four trades since the launching of the first GTI. Cameroon identified 281 potential SMEs with different products by surveying their export readiness as per the GTI requirement.⁵ Of the 281 potential SMEs, three SMEs are traded under the AfCFTA initiative. Gig Afatex is the first SME that exports 155kg of dried safflower, dried pineapple, and ginger tea to Ghana under AfCFTA on 6 October 2022.⁶ Following that on 19 October Cameroon Tea Estate and Ndawara Tea Estate companies exported 38.6 kg of Made in Cameroon tea to Ghana.⁷

In terms of import, Cameroon imported 27,982.68kg of ceramic tiles from Ghana in October 2022.⁸ The second import to Cameroon is the import of 60 tonnes of resin from Tunisia on 2 July 2023 under the AfCFTA initiative.⁹ This shows that Cameroon is opening its market for importing while taking advantage of the market access under the AfCFTA. Cameroon exported a total value of \$10,994.2 while importing a total value of \$5,836.64. Therefore, the testing stage of AfCFTA

⁴ Leontine Kanziemo and Julius Chupezi, Intra-Africa trade in wood products, a case study of Benine, Cameroon, Ghana, and the Republic of Congo on intra-Africa trade in wood products (2021) p8

⁵ Tralac Trade Law Center, What have we learned from the AfCFTA-guided trade initiative? Tralac Annual Conference 2023

⁶ Business in Cameroon news, Cameroon now exports goods to Ghana, per AfCFTA tariffs available at <https://www.businessincameroon.com/public-management/1010-12794-cameroon-now-exports-goods-to-ghana-per-afcfta-tariffs> (accessed 22 July 2023)

⁷ Brice R. Mbodiam Cameroon: First import under AfCFTA regime to dock in Kribi next Jul 2

⁸ AfCFTA certificate of origin for KENDA Ghana Ceramic Company

⁹ Brice R. Mbodiam Cameroon: First import under AfCFTA regime to dock in Kribi next Jul 2

is a good experience for Cameroon, which tells them to revise their trade priority to gain more value from the AfCFTA, while it tests the viability of AfCFTA.

1.1.2 Egypt

Egypt is one of the countries that participated in the first GTI by representing the Northern region of Africa. Egypt's main exports are petroleum and petroleum products, chemical products, agricultural products, livestock, cotton, cotton yarn, and textiles mainly cotton textiles. Per the OEC 2021 report, Egypt's top five exports are refined petroleum, crude petroleum, petroleum gas, nitrogenous fertilizers, and gold.

On the other hand, Egypt's main imports are minerals and chemical products which account for 25% of the total import, and agricultural and foodstuffs mainly wheat, maize, and meat which account for 24% of the import. Machinery and electrical equipment account for 15% of Egypt's imports while 13% of the imports account for base metals. According to OEC the top Egypt imports in 2021 are refined petroleum, cars, wheat, crude petroleum, and corn, where wheat is the largest import of Egypt.

Egypt's main export partners are the United States, Turkey, Greece, Italy, and India, while the main import partners are China, Saudi Arabia, the United States, Russia, and Turkey. African countries are not top partners of the Egyptian export or import business. For example, in 2019 the volume of Egyptian exports to Africa was 16% of their total exports and less than 1% of the continent's total global imports. Out of the total African exports, most of the exports are to North Africa mainly Algeria, Libya, and Morocco.

According to the report of Egypt Central Agency for Public Mobilization and Statistics (CAPMAS) in July 2023, Egypt and Africa trading increased by 14.4% in 2022. This is because the trade volume between Egypt and Africa increased by \$8.6 billion in comparison to \$ 7.5 billion in 2021. The top five African countries for Egyptian exports are Libya, Morocco, Algeria, Kenya, Tunisia, and Ghana. The North African countries have been the top Egyptian priorities for export destinations. However, in 2022, East Africa, Kenya, West Africa, Ghana, and the North African, Tunisia, become Egypt's top priority for the export market. These three countries; Ghana, Kenya, and Tunisia are among the eight countries that participated in the first initiative of AfCFTA.

The AfCFTA is the game changer of the Egyptian trade, as it provides market access opportunities for Egyptians. In 2022, the AfCFTA provides market access for Egyptian exports with Ghana. Egypt hosted two intra-Africa trade fairs and will host the third intra-Africa trade fair from 9 to 15 November 2023. In the first event, 41 Egyptian companies across numerous sectors participated in showcasing their products. In addition, Egyptian has legislation that provides subsidies to exporters whose exports focus on AfCFTA. These are a witness to how Egyptians are working to take advantage of the AfCFTA.

The Egypt export for Africa focuses on manufacturing, services, and agricultural processing. Egypt is one of the eight countries that exported meat products to Ghana with the largest shipment, which involved seven Egyptian companies with 20 trades amounts \$312360 in October 2022 as per the UN COMTRADE 2022 export database. However, there is no import to Egypt under the AfCFTA initiative. This means the Egyptians are taking advantage of the AfCFTA market access, especially with those of the Western African region, yet their market is not open to other participating countries. Accordingly, the Egyptians are required to work on strategies that allow other African countries to enter the Egyptian market with a special consideration for the SME's requirement.

1.1.3 Ghana

Ghana is the only country that participates in the first trade initiative by representing the West region of Africa. Ghana's main export products are gold, cocoa beans and its products, timber products, aluminum, manganese ore, diamonds, and horticulture. In 2021, the top five Ghana exports are Gold, Crude petroleum, cocoa beans, cocoa paste, coconuts, Brazil nuts, and cashews per the OEC report. Whereas Ghana's main imports are refined petroleum, cars, rice, delivery trucks, and coated flat-rolled iron. The main export partners in Ghana are Switzerland, the United Arab Emirates, the United States, India, and China, while their main import partners are China, India, United Arab Emirates, the United States, and the Netherlands.

The Ghanaians are exporting value-added products to some extent. However, there are no African countries as a main trading partner of Ghana neither on export nor on import. Thus, AfCFTA will boost the Ghanaian value-added export and trading partners among African countries. Ghana starts exporting under the AfCFTA before the official launching of commercial meaningful trade. On 4 January 2021, Ghana exported alcoholic products to South Africa and cosmetics to Guinea. In

addition, Ghana is a site for the AfCFTA secretariat which will give them an opportunity in multi-direction.

Ghana identified 17 priority products for export trade under the AfCFTA initiative.¹⁰ The products included in the export strategy of Ghana from 2020-2029 by listed under Category A and Category B products. Category A products are processed coca, cashew, horticultural products, oil seeds, fish and fishery products, apparel, natural rubber sheets, aluminum products, and articles of plastic. Category B pharmaceuticals, aluminum products, iron and steel products, automobile and vehicles, garment and textile, industrial salt, petrochemicals, oil palm, and machine and machine components. Following the identified products, Ghana has 40 trades by fourteen Ghanaian companies.¹¹

Ghana identified 230 potential exporters under the AfCFTA and issued 30 Ghanaian firms a rule of origin certificate to trade under the initiative.¹² However, only two Ghanaian firms get the opportunity to trade under the initiatives. Benso Oil Plantation exported palm pearl oil products to Kenya, while KEDA Ghana Ceramics Company exported ceramics to Homepro Cameroon Limited. KEDA Ghana Ceramic Company is a Chinese-owned ceramic company that gets an opportunity to trade under the AfCFTA. KEDA gets the opportunity since 99.97% of utilised material is local material, which qualifies the company for the rule of origin requirement, hence to trade under the AfCFTA initiative. This kind of initiation fosters foreign direct investment.

Benso oil plantation is one of the oldest agricultural firms listed on the Ghana Stock Exchange. Beso is a reliable source of high-quality palm oil. KEDA exported 2,019.16unit of 300mm * 300mm ceramic tiles valued at \$ 5,836.64 and \$35,468 palm oil to Cameron and Kenya respectively.¹³

In terms of import, unlike other countries that participated in the first trade initiative, Ghana imported the products from the five countries, except Tanzania and Tunisia. Ghana imports from

¹⁰ Obeng Isaac Yaw and Adomako Appiah Kusi, Assessment of Ghanaian private sector readiness for AfCFTA implementation (2020)

¹¹ See news by Mauritius Ministry of trade news about AFCFTA Guided Trade Initiative available at <https://www.mauritiustrade.mu/en/trading-with-mauritius/news/new/4811,afcfta-guided-trade-initiative> (accessed 12 July 2023)

¹² Isaac Owusu-Afriyie_30 Ghanaian firms to export under AfCFTA available at <https://afcftaghana.org/30-ghanaian-firms-to-export-under-afcfta/> (accessed 29 July 2030)

¹³ KEDA Ghana ceramic company AfCFTA certificate of origin

Cameroon amount to \$ 10,994.21, from Egypt amount to \$312,360, from Kenya amount to \$197,000, from Mauritius \$49,410, and Rwanda amounts to \$16,490. Ghana is opening the market for both big export companies and SMEs. The trade from Rwanda, Cameroon, and tea from Kenya are exports of SMEs, while the Egyptian and Kenya batteries exports are big companies.

The bilateral trade flow between Ghana and other participating countries is quite impressive. Ghana is doing a lot of activities that foster their trading under the AfCFTA. For example, Ghana agreed with Kenya to establish an Export Trade House (ETH) in Kenya to promote trading between the two countries. Kenya ETH will serve as a one-stop wholesale outlet in the Eastern bloc of the continent for all “made in Ghana” products.¹⁴ In addition, Ghana is working towards a manufacturing hub center in Africa. Generally, Ghana has the best experience of both exporting and importing under the first trade initiative, which will give them a lesson for future improvement.

1.1.4 Kenya

Kenya among one of the East African countries that participated in the first trade initiative. Kenya’s main export products are agriculture products prioritizing horticulture and tea. The other Kenya’s main export products include coffee, tobacco, textiles, iron and steel products, cement, and petroleum products. Per the OEC report, Kenya’s 2021 main exports are tea, cut flowers, coffee, refined petroleum, and titanium ore, while the main import products are refined petroleum, palm oil, packaged medicaments, cars, and hot rolled iron. The main exporting partners in Kenya are Uganda, the Netherlands, the United States, Pakistan, and the United Kingdom, while the main import partners are China, India, the United Arab Emirates, Saudi Arabia, and Malaysia.

Kenya is exporting value-added products such as refined petroleum and tea. Also, Kenya’s number one exporting country is Uganda because Kenya and Uganda are members of the East African Community (EAC) and the ECA is performing well in the East African regional integration. However, in terms of importing, Kenya’s top importing partners are out of Africa. Thus, AfCFTA is the best opportunity for Kenya to increase their African export and import partners. Kenya’s priority or export under the AfCFTA includes tea, Exide batteries, leather bags, confectionery,

¹⁴ Business Insider Africa News, Ghana takes advantage of AfCFTA to boost trade relations with Kenya, business insider news <https://au-afcfta.org/2023/03/ghana-takes-advantage-of-afcfta-to-boost-trade-relations-with-kenya/>

beaded products, vehicular filters, textiles, sisal fiber, avocados, and fruit and vegetables.¹⁵

Kenya exported over 50 trades by 27 Kenyan companies under the AfCFTA initiatives. In October 2022, a Kenya company called Associated Battery Manufacturing exported car and Exide batteries to Ghana under the AfCFTA. The products qualify for “made in Kenya” as 70% of the inputs are from local, while 30% are imported. Kenya exports the Exide batteries under the initiative on 23 September 2022, before the official launching of the AfCFTA on 7 October 2022. In addition, a Kenyan company called Kenya Tea Packers (Ketepa) exported green tea to Ghana in October 2022. Ketepa is the oldest tea blending and marketing company.

On the other hand, Kenya imported only palm oil from Ghana amounted to \$35,468 Kenya exported 3954kg of tea and over 1000pcs of car and truck Exide batteries with a total amount of \$197,000. ¹⁶ Kenya’s exports and imports are to Kenya’s export and import priory products, which will give a more competitive advantage for Kenyans.

1.1.5 Mauritius

Mauritius is a country that has a strong export economy and a strategic location for exporting. Their main exports are textiles and apparel, fish and fish preparations, pearls, precious and semi-precious stones, sugar live animals, medical devices, watches and clocks, and jewelry.¹⁷ Mauritius’ main imports are mineral fuels and oils, machinery and mechanical appliances, electrical machinery and equipment, vehicles and automotive parts, pharmaceuticals, plastics and plastic articles, iron and steel, and optical and photographic instruments. Under the OEC 2021 report, Mauritius’ top exports are processed fish, raw sugar, non-knit men’s suits, knit T-shirts, and diamonds, while the imports are refined petroleum, non-filet frozen fish, cars, packaged medicaments, and coal briquettes.

The main export partners of Mauritius in 2021 are France, South Africa, Zimbabwe, the United States, and the United Kingdom. On the other hand, the main import partners are China, South Africa, India, United Arab Emirates, and France. Mauritius has partners from African countries

¹⁵ Citizen digital reporter, Kenya Expands Its Tea Export Market To West And Central Africa 5 October 2022

¹⁶ AfCFTA Certificate of origin for Keapa

¹⁷ See Mauritius export figure by products available at <https://mexamauritius.org/export-in-figures/> (accessed 2 July 2023)

both for export and import, which is good. Mauritius has been exporting value-added products specialized in sugar exporting for decades. However, still, Mauritius' trading with Africa and the value-added export-focused market will be fostered by AfCFTA.

Mauritius identified key sectors for export under the AfCFTA are pharmaceutical and medical devices, textile and clothing, sugar, and other agricultural products. Mauritius exports to Africa are; clothing and textiles, sugar, and plastics. Mauritius is one of the countries that participated in the first trade initiative with 10 potential trading. Mauritius exported printed plastic labels to Ghana under the AfCFTA in October 2022.¹⁸ The trading of plastics amounts to \$49.41k as per the UN COMTRADE 2022 data.

On the contrary, Mauritius's import from the eight participating countries is nil. However, the Mauritius government allows import to Mauritius under the AfCFTA initiative with completely exempted from customs duties.¹⁹ The eight countries particularly the SME exporters didn't take the tax exempted privilege may be because of the private sector's non-readiness. Mauritius like the Egyptians required to amend its market openness strategy, particularly concerning SMEs' market openness advantage. Overall, Mauritius's experience value to export is good next to Egypt, Ghana, and Kenya, however, Mauritius can trade more than the current trading.

1.1.6 Rwanda

Rwanda is the other country that represents the East African region. Rwanda's main exports are coffee, tea, minerals niobium, tin, and tungsten. Their main import products are maize, minerals, fuels, and oil, pharmaceuticals, medical equipment and suppliers, furniture, lighting, signs, plastics, and organic chemicals. According to the OEC 2021 report, Rwanda's top exports are Gold, refined petroleum, tin ores, tea, niobium, tantalum, vanadium, and zirconium ore. Their main imports are refined petroleum, gold, palm oil, vaccines, blood, antisera, toxins, and culture and electric generating sets.

¹⁸ See news by the Mauritius Ministry of Trade news about the AfCFTA Guided Trade Initiative available at <https://www.mauritiustrade.mu/en/trading-with-mauritius/news/new/4811,afcfta-guided-trade-initiative> (accessed 12 July 2023)

¹⁹ see the Mauritius Chamber of Commerce and Industry Information about importing from AfCFTA countries, available at www.MCCI.Mu. (accessed 02 August 2023)

Rwandan main export trading partners in 2021 are; the Democratic Republic of Congo, the United Arab Emirates, Ethiopia, Thailand, and Pakistan, whereas their main importing partners are, China, Kenya, Tanzania, India, and the United Arab Emirates. Rwanda's intra-Africa trade is good, however, all of the trading is with East African countries, as they are member of EAC. Hence, the AfCFTA is an opportunity for Rwanda to tap other African region trades.

Rwanda's export products under the AfCFTA are tea, coffee, cereals, vegetable oil products, and dairy and animal products. Rwanda has also a plan to export ores and base metals in the future. Rwanda opened her importing market of raw materials for her textile industries. Rwanda made 8 trades under the AfCFTA. Igire Coffee Limited is a women-led Rwanda company that became the first company to trade under the AfCFTA. The company is working closely with a coffee women's farmer association and exported on 30 September 2022 before the official launching of the trade initiative.

Igire exported coffee to Ghana 105kg of roasted Arabica coffee beans valued at \$16,490 under the AfCFTA initiative.²⁰ This shows that the AfCFTA opened the opportunity of trading with the West African region for Rwanda. Furthermore, to boost their trading partner of Rwanda vs Ghana, the first in-person Ghana x Rwanda business forum has been undertaken. The forum provides Business-to-Business(B2B) meeting opportunities for 40 Rwandan companies with 100 Ghanaian business people.²¹ This is a good step for increasing bilateral trade between Rwanda and Ghana.

1.1.7 Tanzania

Tanzania is the third country that is selected to participate in the first AfCFTA initiative as a representative of the East Africa region. Tanzanian principal exports are coffee, gold, cashew nuts, and cotton. Their main imports are fertilizers, oil, transport equipment, machinery, construction materials, industrial raw materials, and consumer goods. According to the OEC 2021 report, Tanzania's main exports are gold, raw copper, dried legumes, rice, and refined copper, while their main imports are refined petroleum, palm oil, packaged medicament, coated flat-rolled iron, and hot-rolled iron.

²⁰ Igire AfCFTA certificate of origin

²¹ News by Rwandan Development board, Ghana x Rwanda Forum shows promise for increase intra-Africa trade under the AfCFTA, 28 October 2022

Tanzania's main export trading partners are India, United Arab Emirates, South Africa, Switzerland, and Kenya, while their import partners are China, India, United Arab Emirates, Saudi Arabia, and South Africa. The Tanzanians have good experience in intra-Africa trade and have experience in value-added trading such as refined copper. However, they need to work more on the intra-Africa trade focusing on value addition, where the AfCFTA is a good opportunity for them.

Tanzania plans to export more than ten products under the AfCFTA with a priority on coffee and marble.²² However, Tanzania does not start trading upon the opening of the trade initiative. Tanzania's first export is 172.8 tons of Green Robusta coffee valued at \$1,140,480 to Algeria on April 29, 2023.²³ Tanzania plans to export marble and 1000 more tons of coffee in Africa special to Algeria in 2023. The company that exports coffee to Algeria has a plan to export cashews and they are looking for market access.²⁴ Accordingly, Tanzania exports an extraordinary amount of export, although they have the trading lately.

1.1.8 Tunisia

Tunisia is the other country selected to participate in the first trading as a representative of the North Africa region. Tunisia's main export products are textiles, agricultural products of olive, oil, citrus, and vegetables, phosphates and chemicals, as well as mechanical and electrical goods and hydrocarbons. Their major imports are petroleum products, agricultural goods, chemicals, machinery, and transportation equipment. According to the 2021 OEC report, the top exports of Tunisia are insulated wire, crude petroleum, non-knit mints suits, pure olive oil, and low-voltage protection equipment, while their main import is refined petroleum, petroleum gas, cars, low-voltage protection equipment, and wheat.

Their main export partners are France, Italy, Germany, Spain, and Libya, while their import partners are France, Italy, China, Germany, and Turkey. Tunisia's intra-Africa trade partner is only Libya, hence the AfCFTA is a good opportunity for intra-Africa trade by exporting more value-

²² News by the Exchange, First Tanzanian gets Certificate of Origin to trade on AfCFTA, (22 February 2023) available at <https://au-afcfta.org/2023/05/first-tanzanian-gets-certificate-of-origin-to-trade-under-afcfta/>

²³ News by the Exchange, First Tanzanian gets Certificate of Origin to trade on AfCFTA, (22 February 2023) available at <https://au-afcfta.org/2023/05/first-tanzanian-gets-certificate-of-origin-to-trade-under-afcfta/>

added products. Tunisia exported 60 tonnes of resin products amounts 90,000 euro as their first shipment to Cameroon on 17 July 2023 under the AfCFTA initiative.²⁵ This trade for Tunisia is a good experience for trading with other regions of Africa since Tunisia Africa trading is focused on North Africa region trading. However, they are required to work on market openness strategy, particularly by focusing on SMEs market openness.

1.1.9 Summary of the eight countries' trade

The below table summarizes the eight countries' trade volume and amount in line with their importing countries. The data from Egypt, Mauritius, and Rwanda are retrieved from the UN COMTRADE 2022 database. The data of Cameroon, Kenya, Tanzania, and Tunisia is directly taken from the government report on their shipments by cross-checking with their certificate of origin information. The data for Ghana is taken from the AfCFTA certificate of origin for the export to Cameroon and from the export company financial statement, for the export to Kenya.

Table 1.1 Summary of the eight countries' trades under the AfCFTA

Exporter	Volume of trade	Products	Value	Date of Export	Importer
Cameroon	4	dried safflower, dried pineapple, and ginger tea	\$9,222.50	6 October 2022	Ghana
		Tea	\$1,771.74	19 October 2022	Ghana
Egypt	20	Meat products	\$312,360	7 October 2022	Ghana
Ghana	40	ceramic-tiles	\$5,836.64	7 October 2022	Cameron
		Palm kernel oil	\$35,468	7 October 2022	Kenya
Kenya	50	Car and truck Exide batteries	\$120,000	23 September 2022	Ghana
		Tea	\$77,000	07 October 2022	Ghana
Mauritius	10	Plastics	\$49,410	October 2022	Ghana
Rwanda	8	processed coffee beans	\$16,490	30 September 2022	Ghana
Tanzania	2	green robust Coffee	\$1,140,480	23 April 2023	Algeria

²⁵*Tunis Afrique Presse (Tunis)*, Tunisia: First Shipment of Resin Exported to Cameroon Under AfCFTA

Available at <https://allafrica.com/stories/202307200408.html> (accessed 24 July 2023)

Tunisia	1	resin	\$97,704	02 July 2023	Cameroon
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1.2 Findings and Results

The findings and results argument focuses on the AfCFTA export and import volume against the 2022 volume index of the six countries. Tanzania and Tunisia started trading recently, thus they are excluded from the arguments, as the data for 2023, particularly the volume data for quarter 2(Q2) of 2023 is unavailable. In addition, there is a discussion on the bilateral trade flow between the six countries as well as the trade impact on the GDP of the six countries and their respective region. The discussions are based on the data from the eight countries' case study analysis.

The data for the trade volume discussion is against the countries' quarterly trade volume index. The trade volume data is based on 2000=100 base year. The volume of data analysis is by quarterly data from 2022 to 2023. The quarterly data is important since meaningful trading under the AfCFTA was launched on 7 October 2022. This means the increase in the volume of the trade due to the AfCFTA is from the third quarter of 2022 and onwards. On the other hand, the AfCFTA trade value discussion is on a yearly base as the export and import value of each country is not available on a quarterly base.

Please note that the trade volume and value of export and import data are retrieved from the UNCTAD STAT database. The GDP until 2021 is retrieved from the UNCTAD STAT database, while the GDP of 2022 is retrieved from the World Bank (WB), as 2022 data are not available in the UNCTAD database.

1.2.1 The volume of trade

The export transacted under AfCFTA is dominated by the three industrialized countries; Egypt, Ghana, and Kenya, while the import transacted is mainly to the Ghanaian economy. This is a witness to how the industrialized countries are taking the market access opportunities, while their market is not open to the less industrialized countries except Ghana. These countries are required to develop a strategy for market openness, particularly from an SME perspective. The exporters of small and less industrial countries who participated in the first AfCFTA initiative are SMEs. The exporter of Cameroon and Rwanda are SMEs who export very little quantity unlike that of the

Egyptian largest shipments. Accordingly, the current AfCFTA level of implementation attests that the six countries fulfilled the requirement for exporting, while they lack a strategy for importing.

1.2.1.1 Export volume index

The total trade transacted under the AfCFTA is 132, of which 50 are from Kenya, 40 from Ghana, 20 from Egypt, 10 from Mauritius, 8 from Rwanda, and 4 from Cameroon. Cameroon takes 3.03% of the total AfCFTA export volume, while Rwanda and Mauritius 6.06 and 7.58 respectively, which is an insignificant trade share. The quarterly export volume of Cameroon for 2022 and the first quarter of 2023 are; 107.9, 102.8, 106.2, 109.5, and 93 respectively as per the UN COMTRADE export volume database. This means the Cameroon export Volume increased by 7.9% in Q1 of 2022, 2.8% in Q2 of 2022, 6.2% in Q3 of 2022, 9.5% in Q4 of 2022, given that the base year is 2000=100.

The Cameroon export volume decreased in Q2 and increased in Q3 and Q4, where Q4 is the most increment of the year. The AfCFTA export fostered Cameroon trading in the Q4 of 2022, as the AfCFTA trading commenced in Q4 of 2022. The Cameroon export volume to the world increased by 9.5%, while the AfCFTA contribution is 3.03%, as it is shown in Figure 1.1. Moreover, the middle/Central Africa region export volume increased by 19% in Q4 of 2022, while the Cameroon increment to the region is 9.5% and those of the AfCFTA is 3.03%. Cameroon's contribution as a representative of the central region of Africa is extraordinary, while the AfCFTA contribution is insignificant.

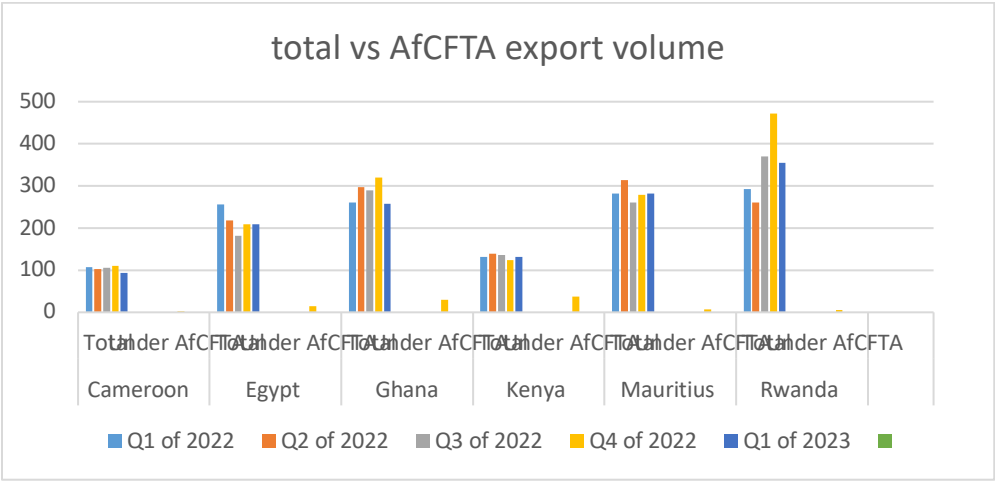
Rwanda is the second least country that accounts for 6.06% of the total AfCFTA volume of exports. Rwanda's quarterly export volume for 2022 and the first quarter of 2023 are 293.1, 260.5, 369.3, 472, and 354.7. This means the Rwanda volume of exports increased by 193.1% in Q1 of 2022, 160.5% in Q2 of 2022, 269.35 in Q3 of 2022, 372% in Q4 of 2022, and 254.7% in Q1 of 2023. The quarterly export volume is increased starting from Q2, where the Q4 increment is high. AfCFTA export volume is in Q4 of 2022, where the Rwandan export shows the highest increment. However, the AfCFTA contribution to the Rwanda export volume is 6.06%, which is very insignificant as it is depicted in Figure 1.1.

Mauritius is the third least country that accounts for 7.58% of the total AfCFTA export volume. The quarterly export volume of Mauritius for 2022 and the first quarter of 2023 are; 282.5, 313.7,

261.3, 278.3, and 282.2. The Mauritius export volume increased by 182.5% in Q1 of 2022, 213.7% in Q2 of 2022, 161.3% in Q3 of 2022, 178.3% in Q4 of 2022, and 182.2% in Q1 of 2023. The export volume of Mauritius increased in Q1 and Q2 of 2022, while it decreased in Q3 of 2022, then increased in Q4 of 2022. AfCFTA contributes by 7.58% of the Q4 of the Mauritius increment, although the AfCFTA contribution is insignificant.

In terms of region, Mauritius is selected as a representative of the Southern Africa region, although geographically Mauritius belongs to the East Africa region. The selection also considers the eight African RECs representation, where Mauritius is a member of SADC. Thus, as the Southern Africa region’s representation, Mauritius’s contribution in Q4 of 2022 is high, 178.3%, while the Southern African region's increment is 137%. However, the AfCFTA contribution is only 7.58%, which is very insignificant, given that the Mauritius contribution is high in Q4 of 2022.

Figure 1.1 total vs AfCFTA export volume of Cameroon, Egypt, Ghana, Kenya, Mauritius, and Rwanda



The three countries that took the highest export volume under the AfCFTA are Kenya, Ghana, and Egypt with percentages of 37.88, 30.3, and 15.15 respectively. Kenya accounts for the biggest share of the export volume of AfCFTA. The quarterly export volume index of Kenya for 2022 and the first quarter of 2023 are; 131.6, 139.3, 135.5, 123.9, and 131.3 respectively. Kenya’s export volume index increased by 31.6% in Q1 of 2022, 39.3% in Q2 of 2022, 35.5% in Q3 of 2022, 23.9% in Q4 of 2022, and 31.3% in Q1 of 2023.

The export volume index is decreased in Q4 of 2022, since Kenya first consignment under the AfCFTA in September 2022 before the official launching of the AfCFTA. Kenya, Rwanda, and

Tanzania are the three East African countries that were selected to participate in the first AfCFTA trade initiative. Kenya's contribution to the volume of trade is highest at 37.88%, while Rwanda's contribution is very little, which is 6.06%. Tanzanian contribution is not considered, as the trading by Tanzania commenced in April 2023, where the Q2 data of 2023 (April, May, and June), is not unavailable in the UN COMTRADE database. Thus, from an east African regional perspective, the total AfCFTA export volume share is 40.91%.

Ghana is the second highest country taking 30.3% of the total export volume of AfCFTA. The quarterly export volume index of Ghana for 2022 and the first quarter of 2023 are; 260.1, 296.5, 289.3, 320.6, and 257.9 respectively. Ghana export volume is increased by 160.1 in Q1 of 2022, 196.5% in Q2 of 2022, 189.3% in Q3 of 2022, 220.6% in Q4 of 2022, and 157.9% in Q1 of 2023. When we consider the export volume index of Ghana, it increased by 189.3% for Q3, while it increased by 220.6 for Q4. AfCFTA plays a central role in the export volume increment of Q4, as Ghana accounts 30.3% share of the total AfCFTA export volume as depicted in Figure 1.1.

From a regional perspective, Ghana is the only country that participates the trading as a representative of the West African region. The West Africa quarterly export volume index for 2022 and 2023 are 108.8, 108.7, 95.2, 99.4, and 106.5. The West African export volume in Q4 of 2022 is 99.4%, while the Ghana increment is 220.6% and the AfCFTA contribution is 30.3% to the region. Thus, AfCFTA's contribution to Ghana's export volume is significant compared to the other five countries that participated in the AfCFTA initiative.

Egypt is the third highest country taking 15.15% of the total export volume of AfCFTA. The quarterly export volume index of Egypt for 2022 and the first quarter of 2023 are; 255.8, 218.1, 182.0, 209.4, and 209.2 respectively. The Egypt export volume increased by 155.8% in Q1 of 2022, 118.1% in Q2 of 2022, 82% in Q3 of 2022, 109.4% in Q4 of 2022, and 109.2% in Q1 of 2023. The Egypt export increased by 109.4% in Q4 of 2022, where the Egyptians made the largest shipment to Ghana under the AfCFTA.

Egypt is the only representative of the North African region, as Tunisia started trading very recently in July 2023, they increased the region's export volume by 15.15%. In Q4 the North Africa region export increased by 109.4%, where the AfCFTA contribution to the region is 15.15% of the AfCFTA total volume of export.

1.2.1.2 Import volume index

Cameroon, Ghana, and Kenya are the three countries that imported products under the AfCFTA initiatives. The remaining three countries didn't open their market for import of the goods under the AfCFTA. Ghana is the first country that took 69.69% of the total AfCFTA import share, followed by Kenya with 25.76% and Cameroon with 4.54%. Ghana imported from five countries; Cameroon, Egypt, Kenya, Rwanda, and Mauritius with import transact of 4, 20, 50, 8, and 10 respectively.

Ghana imports is increased by 255.3 in Q3 and 193.1% in Q4. Ghana imported less in Q4 compared to Q3 of 2022, although Ghana imported from five countries, out of the six participating countries, during Q4. This tells us Ghana is providing market access for made-in-Africa products. In terms of regional share, the import volumes are; 302.6, 312.9, 310.8, 293.9, and 297.1. The import volume of the region increased by 202.6 in Q1 of 2022, 212.9 in Q2 of 2022, 210.8 in Q3 of 2022, 193.9 in Q4 of 2022, and 197.1 in Q1 of 2023.

The West Africa region of imports increased less in Q4 of 2022 compared to Q3 of 2022. Even though the Q4 of 2022 import is less, the Ghana import contribution through the AfCFTA trading is quite a lot compared to the other countries that participate in the first trade initiative as shown in figure 1.2.

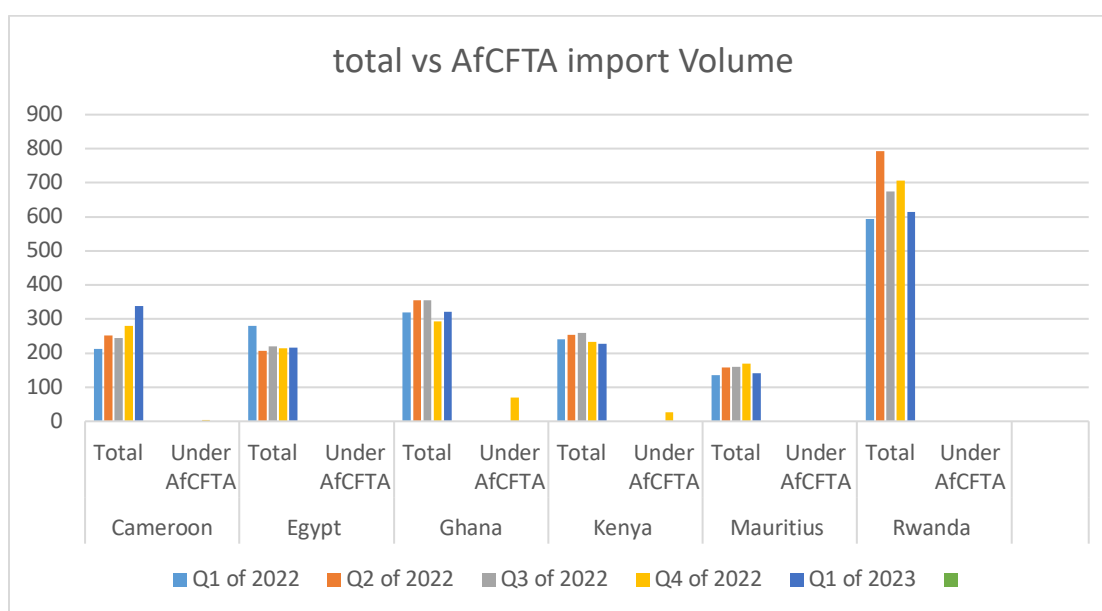
Kenya is the second-highest country that imports products under the AfCFTA with 25.74% of the total AfCFTA import market share. The quarterly import volume index of Kenya for 2022 and the first quarter of 2023 are; 241.2, 253.9, 259.2, 233.5, and 228.1 respectively. The Kenya import increased by 141.2% in Q1 of 2022, 153.9% in Q2 of 2022, 159.2% in Q3 of 2022, 133.5%, in Q4 of 2022, and 128.1 in Q1 of 2023. Kenya's Q4 import is less compared to the Q3 import, where the AfCFTA commenced the trading. The AfCFTA accounts for 25.74% of imports, while the import of Kenya accounts for 133.5% in Q4 of 2022 as depicted in figure 1.2.

From a regional perspective, Kenya is the only country that represents the East Africa region for importing under the AfCFTA. The East Africa region, import increased by 205.7 %, in Q3 of 2022, while it increased by 205.7% in Q4 of 2022 as per UN COMTRADE data. Q4 of 2022 is less compared to Q3 of 2022, which is good. However, the Kenya import volume, and hence the East African import volume is increased by the AfCFTA

Cameroon's import volume against the AfCFTA is insignificant compared to the Ghana and Kenya import volumes. Cameroon imported 60 tonnes of resin from Tunisia, which will increase the trade volume. However, the Tunisia case is not considered as the trading between Cameroon and Tunisia is on April 2023, where Q2 data of 2022 is not available for comparison. Cameroon accounts for 4.54% of import against the AfCFTA total import volume in Q4 of 2022.

The quarterly import volume index of Cameroon for 2022 and the first quarter of 2023 are; 212.5, 251.8, 244.6, 280.8, and 338.1. Cameroon imports increased by 112.5% in Q1 of 2022, 151.8% in Q2 of 2022, 144.6% in Q3 of 2022, 180.8% in Q4 of 2022, and 238.1% in Q1 of 2023 with a base year 2000=100. Cameroon's volume of import increased from quarter to quarter with Q4 increasing by 180.8%, of which 4.54% the increase is due to the AfCFTA import volume. The quarterly Central Africa imports from 2022 to 2023 are 127.1, 146.4, 171.5, 181.4, and 176.7 respectively. Cameroon, as a representative of middle/central Africa region, contrition is 4.54% due to AfCFTA, which is insignificant.

Figure 1.2 Total vs AfCFTA import volume of Cameroon, Ghana, and Kenya



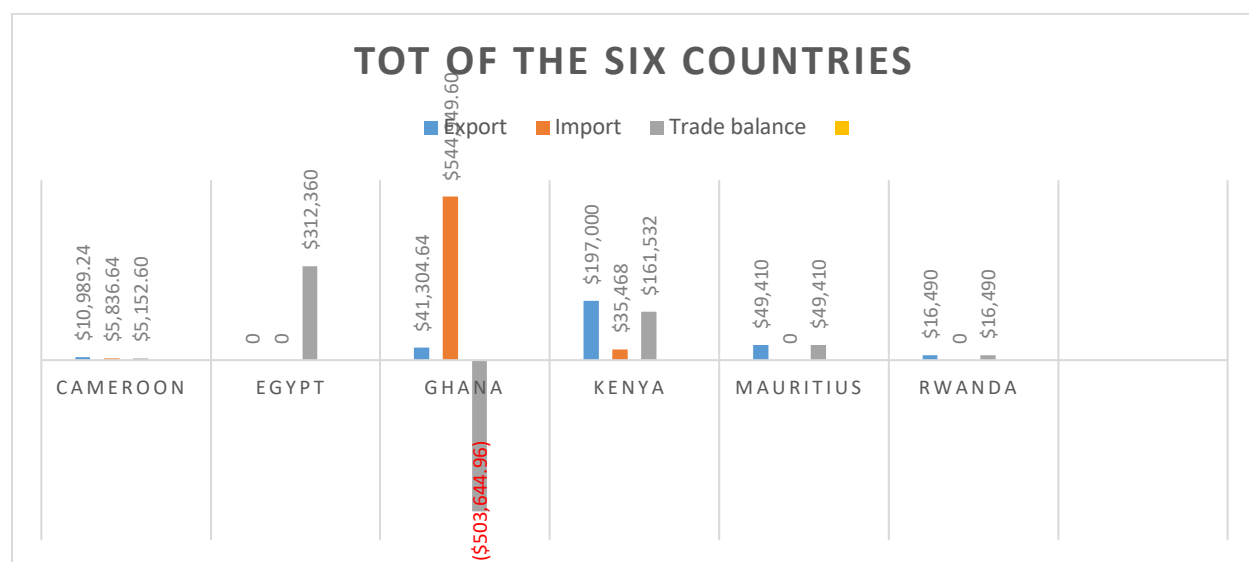
1.2.2 Bilateral trade flow

Cameroon, Egypt, Ghana, Kenya, Mauritius, and Rwanda are the six countries that are traded under the first AfCFTA initiative. All six countries export their products under the AfCFTA, while only Cameroon, Ghana, and Kenya import the products. Cameroon and Kenya's bilateral trade

flows show a trade surplus, while Ghana has a trade deficit, as the Ghanaians import different products more than they export. As Shown in Figure 1.3 Cameroon has a trade surplus of \$5,152.60 with their export valued at \$10,989.24 and their import valued at \$5,836.64. Kenya has a trade surplus valued at \$161,532 with its exports valued at \$197,000 and its imports valued at \$35,468.

On the contrary, Ghana has a trade deficit with a total value of negative \$503,644.96 in total under the AfCFTA. In terms of bilateral trade Ghana has a trade deficit of negative \$5,152.60 and \$161,532 during the bilateral trade flow between Ghana and Cameroon as well as Ghana and Kenya respectively. The trade deficit to Ghana is, Ghana imports \$10,986.24 and \$197,000, while they export \$5,836.64 and \$35,468 to Cameroon and Kenya respectively. Moreover, Ghana imported from Egypt, Mauritius, and Rwanda, valued at \$312,360, \$49,410, and \$16,490 respectively. Ghana imports from Egypt, Mauritius, and Rwanda without any exports from these countries. These impacted the Ghanaian Terms of Trade (TOT) highly with the trading under the first AfCFTA trade initiative as shown in figure 1.3.

Figure 1.3 Export, import, and TOT of Cameroon, Egypt, Ghana, Mauritius, and Rwanda



1.2.3 Trade volume impact on GDP

The total trade under the AfCFTA among the six countries is valued at \$586,254.24. Off the trade, the Middle Africa region's Terms of Trade (TOT) accounts for \$5,157.6, North Africa's TOT accounts for \$312,360, and the West Africa region accounts for a TOT of -544949.60. The South

region accounts for \$49,410, while the East Africa TOT accounts for \$178,022 with a contribution of \$161,532 from Kenya and \$16,490 from Rwanda. The middle Africa region is trading from Cameroon with a total export of \$10,989.24 and total import valued at \$5,836.64, hence TOT (export-import) is valued at \$5,157.6. The GDP of Cameroon in 2022 is \$44,342 million, while its TOT is -\$1,900 million. The contribution of the total Cameroon TOT to GDP is negative, although AfCFTA contributes positive amounts of \$5,157.6 amount, which is very little.

The North Africa AfCFTA TOT contribution is from Egypt valued at \$312,360. Egypt only exports meat products under the AfCFTA with no import. Thus, the \$312,360 TOT contributes to the \$47,674.8 million of Egypt's 2022 GDP and -36,481 million of Egypt's total TOT. The AfCFTA TOT share of Egypt is high compared to the other six countries, however, its contribution to the Egypt economy is insignificant in terms of the value of the GDP and total Egypt TOT, which is in millions, while the AfCFTA contribution is in thousands.

The West Africa TOT contribution is from Ghana with a negative value of 503,644.96. This is because Ghana's imports from the five countries are greater than their export. Ghana's exports are valued at \$41,304.64, while its imports are valued at \$544,949.60. Ghana's TOT in 2022 is \$261.3 million, although it is highly impacted by the AfCFTA TOT negative effect. In addition, the AfCFTA TOT impacted the Ghanaian GDP, which is \$72,839 million in 2022.

The South region, which is represented by Mauritius valued a TOT of \$49,410 with only the export value, as Mauritius didn't import products under the AfCFTA. The TOT contributes to their GDP of \$12,898 million and -4,316 million of their total TOT in 2022. However, the AfCFTA TOT contribution, which is \$49,410, is very insignificant compared to the Mauritius total TOT and their GDP in millions.

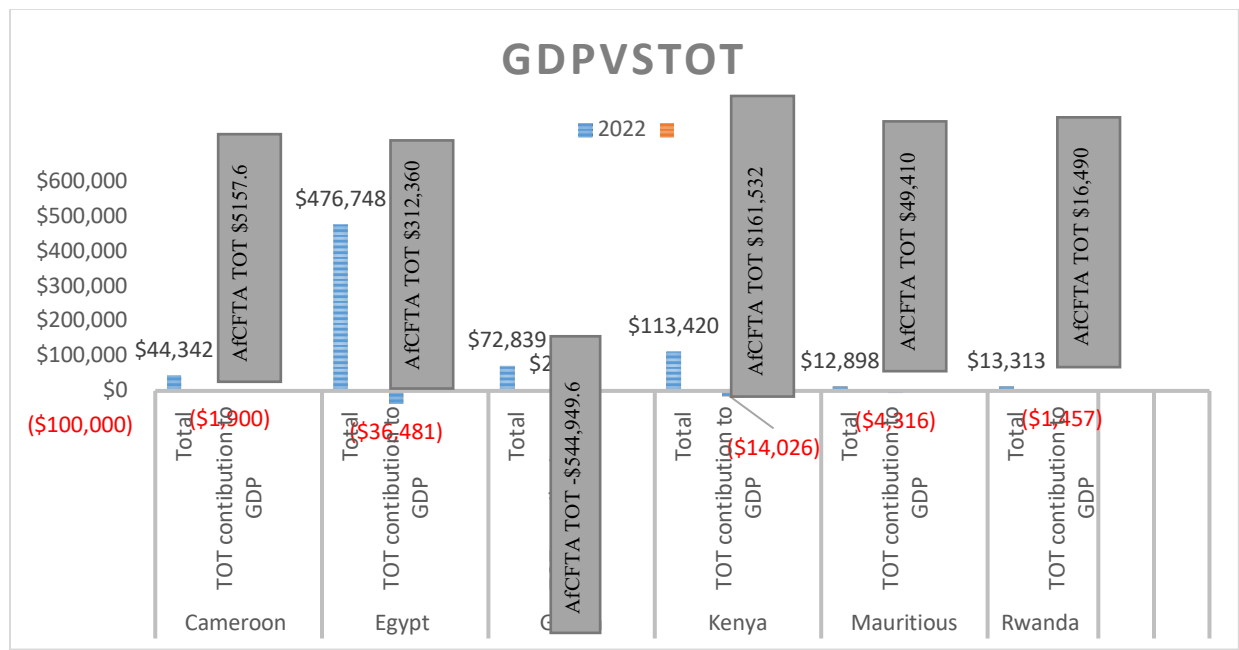
Kenya and Rwanda represent the East African region among the six countries that started trading under the AfCFTA. The contribution of Kenya TOT, which is \$161,532, is very high compared to Rwanda, which is \$16,490. Overall, they contribute a total TOT of \$178,022, where Kenya's TOT is the difference between export and import, as Kenya imports palm oil products from Ghana.

On the other hand, Rwanda's TOT is only from their export, as they didn't import under the AfCFTA initiative. Kenya's 2022 GDP, which is \$11,342 million, and its total TOT, which is negative \$14,026 million, were impacted positively by the TOT under the AfCFTA. Rwanda's

2022 GDP, which is \$13313 million, and its TOT of 2022, which is negative \$1457 million is positively impacted by the contribution of the AfCFTA TOT. However, both Kenya and Rwanda’s contribution through AfCFTA trading is too little, although Kenya’s contribution is much better than Rwanda’s.

The below figure summarizes the six countries’ AfCFTA contribution for their total GDP and TOT contribution

Figure 1.4 Total TOT and the AfCFTA TOT contribution towards the six countries’ GDP



Please note that the GDP and the total TOT contribution to GDP are in millions of US dollars, while the AfCFTA TOT is in thousands.

1.2.4 Conclusion for the Findings

The GTI aims to test the operational, institutional legal, and viability of the AfCFTA by involving eight countries in the initiative. The first trade initiative validates the AfCFTA functionality, even though the AfCFTA contribution to Africa’s economy is low. The findings on the volume and value of trade indicate that trading under the AfCFTA contributes very little to the six countries’ economies compared to their world trading. In addition, Ghana opened its market for the “made in Africa” product, while the other countries are focused on taking advantage of the market access.

From this, we concluded that the current level of AfCFTA implementation is small with many job requests for accelerating the implementation.

Part II: Protocols and treaties that formed AfCFTA



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1. Protocols and treaties that formed AfCFTA

The AfCFTA is established for accelerating African deeper integration by strengthening “Abuja Treaty” that create the African Economic Community (RECs) in 1991.²⁶ It is one flagship project of the African Union (AU) agenda 2063, which is “The Africa We Want”.²⁷ The African passport and free movement of people and the Pan-African E-network are the other flagship projects of Agenda 2063.²⁸ These projects are a catalyst in accelerating the implementation of AfCFTA, thus requiring a regulation in place. The Free Movement of People protocol was adopted in January 2018, whereas the AfCFTA treaty was announced in March 2018.

The agreement that established the AfCFTA was negotiated from 2016 to 2018, with many back-to-back meetings. The 10th Extraordinary Summit of the AU in Kigali, Rwanda, officially announced the agreement that established the AfCFTA on 21 March 2018.²⁹ The agreement came into effect on 30 May 2019, and the operation phase was launched on 7 July 2019, at the 12th Extraordinary Summit of the AU.³⁰ The AfCFTA operational phase was launched with only phase I negotiated Protocols and five operational instruments for the trading.

The AfCFTA negotiations are scheduled into phases and it has three phases. Phase I negotiations are the Protocol on Trade in Goods, Protocol on Trade in Services, and Protocol on Rules and Procedures of the Dispute Settlements. Phase II negotiations are on policies of investment, competition, and intellectual property rights, while phase III negotiations are on digital trade, women, and youth. The member state of the AfCFTA negotiated phase II protocols parallel to the operational phase. Even major operational instruments such as the Rule of Origin (RoO) and Schedule of Tariff Concessions are not finalized during the launching of the operational phases.

Phase III commenced in February 2020 after the end of phase II negotiation, although the negotiation was not planned during the establishment of AfCFTA. Thus, phase III is negotiated as

²⁶ The Preamble of AfCFTA Article 1

²⁷ The AU agenda 2063 is signed in the Golden Jubilee of May 2013

²⁸ See flagship projects of agenda 2063, available at <https://au.int/en/agenda2063/flagship-projects> (accessed 20 July 2023)

²⁹ see CFTA Summit Media Announcement (2018) available at <https://au.int/en/announcements/20180306/2018-cfta-summit-media-announcement> (accessed 12 August 2021)

³⁰ See Operational Phase of the African Continental Free Trade Area Launched available at <https://au.int/en/articles/operational-phase-african-continental-free-trade-area-launched> (accessed 12 December 2021)

a supplementary legal text, since additional legal instruments are allowed per Article 8 of the AfCFTA preamble.³¹ Currently, phase II and phase III negotiations are finalized and there are nine annexes under trade-in goods protocols that serve as an operational instrument.³² These are Annex 1: on Schedule of Tariff Concessions, annex 2: Rule of Origin(RoO), annex 3: customs cooperation and administrative assistance, and annex 4: trade facilitation. Annex 5: non-tariff barriers (NTB), annex 6: technical barrier, annex 7: sanitary and phytosanitary measures (SPS), annex 8: transit, and annex 9: trade remedies.

The different protocols and treaties for operationalizing the trading are sufficient. Nevertheless, the implementation of these legal instruments by member states of the AfCFTA is debatable. Accordingly, this research assesses the different protocols and treaties that formed the AfCFTA and its implementation level. The evaluation focuses on the member state's capacity to implement the protocols. The evaluation is based on AfCFTA member state logistic performance, trade facilitation, and non-tariff measures implementation. In addition, it examines the protocols for the free movement of people and technology and its implementation level by the AfCFTA member state.

1.1 Data presentation and analysis

The protocols and treaties that formed the AfCFTA are negotiated in three phases, where the treaty that establishes the AfCFTA lays a foundational base for all protocols. Phase I negotiation formed the protocol on trade on goods, trade on service, and dispute settlement rules and procedures. Phase II negotiation formed the protocols on competition policy, investment policy, and intellectual property rights, while phase III negotiation formed the protocol on digital trade, women, and youth. The operational phase of the AfCFTA is launched only with phase I negotiation protocols.

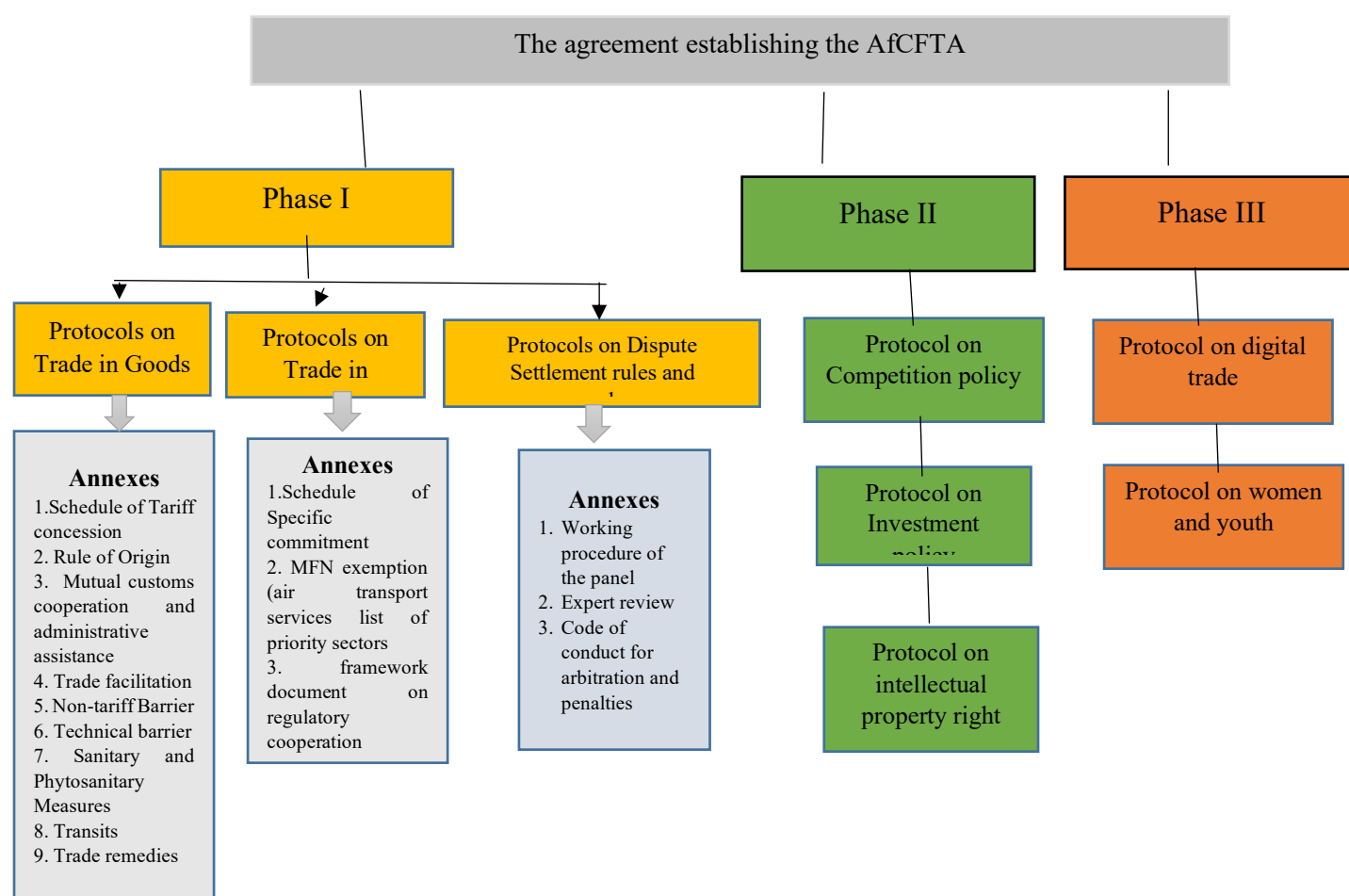
The operational phase launching is supported by five key legal instruments. These are the monitoring mechanism for Non-Tariff Barriers (NTB), the e-tariff books, the Pan-African Payment Settlement System (PAPSS), the Africa Trade Observatory, and the AfCFTA adjustment funds. Currently, there are nine annexes under the Protocol on Trade in Goods that serve as an operational

³¹ *Talkmore Chidede*, AfCFTA phase II and phase III negotiation update, 10 February 2021

³² See report on the implementation of the AfCFTA to the fifth (5th) mid-year coordination meeting of the AU and RECs 17 July 2023

instrument for trading. These are the regulations on RoO, administrative assistance, and trade facilitation. non-tariff barriers (NTB), technical barriers, sanitary and phytosanitary measures (SPS), transit, and trade remedies. The below figure summarizes the legal instruments of the AfCFTA.

Figure 1.1 The different treaties and protocols that formed the AfCFTA



The above figure illustrates the different protocols and treaties that formed the AfCFTA. Phase I negotiation has different annexes, which serve as the legal operational instrument for the trading. The analysis focuses on the operation instruments (i.e. the annexes) of Trade on Goods, as currently, the operational phase is only in Trade on Goods. The other protocols that formed the

AfCFTA are negotiated in Phase II and Phase III is not yet in the implementation stage, hence assessing the level of implementation is difficult.

The analysis focuses on the operational instruments of Trade in Goods. The mutual customs cooperation and administrative assistance instrument is assessed based on the AfCFTA member state logistic performance index. In addition, trade facilitation implementation commitment including transit issues is assessed by the WTO countries' level of trade facilitation implementation. Furthermore, the technical barriers, Sanitary and Phytosanitary measures, RoO, and trade remedies are assessed under UNCTAD non-tariff measures.

1.1.1 Customs cooperation and mutual administrative assistance

Customs cooperation and mutual administrative assistance refer to cooperation on customs procedures and formalities to facilitate AfCFTA trading. Annex 3 of the AfCFTA is about customs administrative cooperation to improve the regulation of trade flows and applicable law enforcement. Mutual administrative assistance aims to ensure the customs law in their territories and combat customs offenses. Article 5, article 7, and Article 12 of Annex 3 are about the simplification and harmonization of customs procedures, automation of customs operation, and communication of customs information respectively.

Simplification and harmonization of customs procedures, automation of customs, documentation, etc are some of the indicators that evaluate the customs performance. Thus, the member states of AfCFTA customs performance is evaluated based on the World Bank customs performance score. The customs performance score is one element of the World Bank performance index indicator. The below table presents the customs performance index of the AfCFTA member state along with other five logistic performance index elements.

Table 1.1 AfCFTA member state 2023 logistic performance index score and rank

Countries	2023							
	LPI rank	LPI score	Customs Score	Infrastructure score	International shipment score	Logistic competency	Tracking & tracing	Timelines
Algeria	97	2.5	2.3	2.1	3	2.2	2.5	2.6
Angola	134	2.1	1.7	2.1	2.4	2.3	2.3	2.1
Benin	66	2.9	2.7	2.5	2.9	3	3.2	2.7
Botswana	57	3.1	3	3.1	3	3.4	3	3.3
Burkina Faso	123	2.3	2	2.3	2.4	2.4	2.2	2.4

Cameroon	134	2.1	2.1	2.1	2.2	2.1	1.8	2.1
Central Africa Republic	97	2.5	2.4	2.6	2.1	2.9	2.4	2.6
Congo Dem Rep	97	2.5	2.3	2.3	2.5	2.4	2.5	2.8
Congo Rep	88	2.6	2.3	2.1	2.6	2.9	2.7	2.9
Djibouti	79	2.7	2.6	2.3	2.5	2.8	2.7	3.6
Egypt	57	3.1	2.8	3	3.2	2.9	2.9	3.6
Gabon	115	2.4	2	2.2	2.6	2	2.5	3
Gambia	123	2.3	1.8	2.3	2.6	2.3	2.4	2.6
Ghana	97	2.5	2.7	2.4	2.4	2.5	2.2	2.7
Guinea	97	2.5	2.4	2.4	2.2	2.7	2.7	2.5
Guinea-Bissau	88	2.6	2.7	2.4	2.9	2.9	2.3	2.4
Liberia	115	2.4	2.1	2.4	2.8	2.4	2.4	2.3
Libya	138	1.9	1.9	1.7	2	1.9	1.8	2.2
Madagascar	123	2.3	1.8	1.8	2.9	2.2	2	2.6
Mali	88	2.6	2.6	2	2.6	2.5	2.7	3.1
Mauritania	123	2.3	2.1	2	2.2	2.5	2.5	2.8
Mauritius	97	2.5	2.4	2.5	1.9	2.5	2.9	3.1
Namibia	66	2.9	2.8	2.8	3	2.9	2.8	2.9
Nigeria	88	2.6	2.4	2.4	2.5	2.3	2.7	3.1
Rwanda	73	2.8	2.5	2.9	2.4	3	3	3.1
Somalia	137	2	1.5	1.9	2.4	1.8	1.8	2.3
South Africa	19	3.7	3.3	3.6	3.6	3.8	3.8	3.8
Sudan	115	2.4	2.1	2.3	2.4	2.4	2.3	2.7
Togo	97	2.5	2.3	2.3	3	2.4	2.3	2.8
Zimbabwe	97	2.5	2.2	2.4	2.5	2.3	2.7	2.8

Source: World Bank 2023 logistic performance index indicator database

1.1.2 Trade facilitation

Trade facilitation is a major tool for increased and smooth international trade flow, as it simplifies and harmonizes international trade procedures. It includes the practices, activities, and formalities of collecting, presenting, communicating, and processing necessary data for the movement of international trade. Annex 4 of the Protocols on Goods, which is trade facilitation, is one of the operational instruments of AfCFTA. The objectives of the trade facilitation as per Article 2 of the AfCFTA are

- a) simplify and harmonize international trade procedures and logistics to expedite the processes of importation, exportation, and transit; and
- b) expedite the movement, clearance, and release of goods including goods in transit across borders within State Parties

Trade facilitation requires member-state commitments in implementing the agreements. For example, Article 4 of the AfCFTA, which is the publication, requires member state commitments

to promptly publish information about the procedure and document required. Per Article 29 of Annex 4, which is about the implementation commitment, member states commitments are based on the notification under the WTO agreement on Trade facilitation. Thus, considering the member state commitment as per the WTO notification status provides us an input on how fast the member states can implement trade facilitation agreements.

Counties' commitment to implement the trade facilitation practices falls at Category A, category B, or Category C. Category A are commitments implemented as of February 2017 for developed and developing countries, while it is implemented until February 2018 by least developing countries. Category B and C are for members of WTO who need additional time and additional time as well as capacity building respectively. The main commitment activities by the AfCFTA under WTO are; publication, enquire points, advance ruling, pre-arrival processing, electronic payment, separation of release, and risk management.

Post clearance audit, average release time, authorized operator, expedited shipments, perishable goods, use of international standards, and single window are the other activities that require member state commitments. Moreover, pre-shipment inspection, use of a customs broker, freedom of transit, charges, customs cooperation, and documentation require a member-state commitment for implementation. Member states notify WTO of the implementation commitment by showing under category A, B, or C which has an indicative and definitive implementation time. Category A has a definitive implementation time of 2018, while Category B and C have definitive implementation times of up to 2024 and 2027 respectively. The below table presents the 43-member state of AfCFTA trade facilitation notification under the WTO agreement.

Table 1.2 African countries' trade facilitation notification to WTO under Category A, category B, and Category C

No	Countries	Category A	Category B	Category C
1	Angola	22.7%	55,9%	21,4%
2	Benin	65.5%	21.8%	12.6%
3	Botswana	28.2%	67.2%	4.6%
4	Burkina Faso	13%	17.6%	69.3%
5	Burundi	35.3%	29%	35.7%
6	Cameroon	1.7%	45.4%	52.9%
7	Central African Republic	26.9%	0	73.1%
8	Chad	34.5%	30.3%	35.3%

9	Congo	22.7%	50.8%	26.5%
10	Cabo Verde	37.4%	16.8%	45.8%
11	Cote d'ivoire	34%	5%	60.9%
12	Democratic Reb of Congo	42%	39.9%	18.1%
13	Djibouti	1.7%	23.5%	74.8%
14	Egypt	23.1%	2.5%	74.4%
15	Eswatini, kingdom of	9.7%	42.4%	47.9%
16	Gabon	13.9%	21.4%	64.7%
17	Gambia	48.7%	38.2%	13%
18	Ghana	9.7%	17.2%	73.1%
19	Guinea	14.7%	54.6%	30.7%
20	Kenya	7.6%	23.9%	68.5%
21	Lesotho	11.8%	24.4%	63.9%
22	Liberia	35.7%	32.8%	31.5%
23	Madagascar	8.8%	0	91.2%
24	Malawi	63%	10.1%	26.9%
25	Mali	65.5%	17.2%	17.2%
26	Mauritania	39.9%	2.5%	57.6%
27	Mauritius	57.1%	36.6%	6.3%
28	Morocco	91.2%	0.8%	8%
29	Mozambique	65.5%	10.5%	23.9%
30	Namibia	51.3%	0	48.7%
31	Niger	31.9%	6.7%	61.3%
32	Nigeria	15.1%	42.4%	42.4%
33	Rwanda	26.9%	65.1%	8%
34	Senegal	52.5%	10.5%	37%
35	Seychelles	55.9%	27.3%	16.8%
36	Sierra Leone	0.8%	19.7%	79.4%
37	South Africa	90.3%	9.7%	0
38	Tanzania	21.8%	17.2%	60.9%
39	Togo	42.9%	32.8%	24.4%
40	Tunisia	59.7%	0	40.3%
41	Uganda	8.4%	27.3%	64.3%
42	Zambia	5.5%	27.7%	66.8%
43	Zimbabwe	34.9%	50%	15.1%

Source WTO notification of category commitments under the agreement on trade facilitation

1.1.3 Non-tariff barrier

The non-tariff barriers are implicit trade restriction such as quota and sanction that affects international trade. It includes measures such as governance, infrastructure, and border crossings, the prevalence of informal trade; rules of origin, certificate required by the exporting country,

export registration requirements, special authorization for SPS and TBT reasons, and inspection requirements. The NTBs are divided into technical barriers and non-technical barriers. Technical barriers are regulation on the contents of products such as SPS and pre-shipment inspection. Non-technical barriers are measures that limit the total no of imports such as quotas and rules of origin.

The regulation for, NTB is Annex 5 of the AfCFTA, the technical barrier is Annex 6, SPS is Annex 7, and Annex 9 is trade remedies. The technical barrier, SPS, and trade remedies are non-tariff barriers., thus assessing AfCFTA NTM is crucial. To assess the AfCFTA member state readiness for NTB measurements, 20 countries' 2023 NTB measures are analysed as per the World Bank NTM. The analysis considered both the export and import measures of its NTM coverage, ratio, and NTB-affected products. The measuring indicators consist of technical barriers, Sanitarily and Phytosanitary and pre-shipment inspection, charges, taxes, RoO, Para-tariff, and anti-competitive. The below table presents the AfCFTA member state NTB.

Table 1.3 AfCFTA member state non-tariff measurements coverage for import and export products

Countries	Export				Import		
	NTM coverage	NTM frequency	NTM affected products	Total trade	NTM coverage	NTM frequency	NTM affected products
Algeria	0.02%	1.49%	22	1,475	52.9%	53.17%	2,506
Benin	46.68%	30.17%	366	1,213	64.11%	32.73%	1136
Burkina Faso	65.39%	27.31%	196	1,264	61.76%	26.46%	963
Cameroon	76.55%	14.98%	328	2,189	46.80%	18.71%	837
Cote d'ivoire	38.39%	3.38%	98	2,899	21.87%	18.71%	813
Ethiopia	91.90%	37.29%	827	2,218	97.80%	90.05%	4,188
Gambia	3.48%	8.18%	40	489	61.25%	14.75%	425
Ghana	93.30%	24.14%	833	3,451	51.34%	41.27%	1,945
Liberia	36.27%	38.88%	491	1,263	19.15%	46.47%	1,687
Mauritania	32%	12.83%	147	1,146	36.58%	17.93%	684
Morocco	32.15%	24.11%	873	3,621	57.25%	44.55%	2,138
Niger	1.54%	0.99%	12	1,212	28.51%	18.78%	690
Nigeria	1.02%	24.41%	267	1,094	94.33%	85.90%	3,923
Senegal	32.94%	10.49%	264	2,517	48.30%	28.77%	1,237

Tunisia	56.66%	42.83%	1,496	3,493	70.63%	58.17%	2,748
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Source: UNCTAD NTM database

1.1.4 The role of technology and the free movement of people in accelerating the AfCFTA implementation

The African passport and free movement of people as well as the pan-African E-network are among the flagship projects of Agenda 2063.³³ These projects are the catalyst in accelerating the implementation of the AfCFTA, thus requiring a regulation in place. The aim of the pan- the African E-network project is to put policies in place that transform Africa into e-society. The free movement of people protocol aims to eliminate border restrictions by promoting visa issuance.

1.2.4.1 The different technologies

The Pan-African E-network project has the potential to promote the AfCFTA implementation. The E-network project is working towards African digital trade and e-commerce consumer protection, data localization and authentication, cross-border data flows, and cybersecurity. Generally, e-commerce refers to the production, distribution, marketing, and delivery of goods or services through electronic means. Digital trade refers to all e-commerce activities including the movement of digital data. Phase III of the AfCFTA negotiated on digital trade protocol that provides a framework for digital trade and e-commerce. Following the digital protocol, the AfCFTA leverages different technologies to enhance its operation and promote efficacy.

The operational phase launching is supported by five key legal instruments, of which three of them are a digital platform. These are the Pan-African Payment Settlement System (PAPSS), the Africa Trade Observatory (ATO), and the monitoring mechanism for NTB including the e-tariff books. However, these platforms remain unimplemented during the first AfCFTA trade initiative. The PAPSS network is established to promote AfCFTA implementation by arranging trading payments with local currency. It was developed by an African export-import bank and officially launched in Accra, Ghana in January 2022. Currently, Nigeria, Ghana, Liberia, Guinea, Sierra Leone, Gambia, Djibouti, Zimbabwe, and Zambia central banks are part of the PAPSS network.³⁴

³³ See flagship projects of agenda 2063, available at <https://au.int/en/agenda2063/flagship-projects> (accessed 20 July 2023)

³⁴ Michael Akuchie, PAPSS: Africa is heading towards a single payment system, how can it pull it off?

The ATO aims to provide up-to-date reliable trade data information for the private sector and policy makers. It is implemented by the International Trade Centre (ITC) to support AfCFTA trading. The trade-related information includes information on trade flows such as trade value and trade quantities, etc. However, there is no trade data on the trade flows between the eight countries that participated in the first AfCFTA trade initiatives. The monitoring mechanism for NTB is an e-platform mechanism opened to the private sector including SMEs to register and report NTB trade obstacles while trading under the AfCFTA initiative.

The NTB monitoring portal is launched on 7 July 2019 in Niamey Niger.³⁵ The NTB monitoring experts are following the trading under the AfCFTA trade initiative in case of any NTB. However, the private sector is not aware of the NTB reporting platform.

Furthermore, there is a digital platform called “AfCFTA hub” launched in Accra, Ghana. The hub provides a common transactions reference framework to deepen operational interoperability among e-commerce, e-logistics, e-regulation, and e-customs platforms. Any private sector who desires to trade under the AfCFTA can get an AfCFTA unique code, which is used as their transaction reference number.³⁶ The hub aims to enhance regional digital collaboration to enhance market access on the Continent by cutting red tape and simplifying customs procedures.

Ghana and six other African countries would soon begin onboarding young entrepreneurs, SMEs, and startups to obtain free AfCFTA numbers. There are other platforms established by Africans that accelerate the AfCFTA implementation. For instance, the African Trade Exchange Platform, eTrade group, and Sokokuu. *Africa are portal that provides trade-related information data. Therefore, the AfCFTA recognizes the role of technology and thus establishes different platforms that facilitate its implementation. However, most of these technologies remain unimplemented, although the AfCFTA is still in its infancy stage.*

2.4.2 The free movement of people

The AU believed that the free movement of people across their border accelerate intra-Africa trade. Thus, the AU signed the free movement of people parallel to the AfCFTA initiative. The free movement of people’s protocols come into force with only 15 members of the AU ratification.

³⁵ UNCTAD AfCFTA support programme to eliminate non-tariff barriers, increase regulatory transparency and promote industrial diversification

³⁶ See Get AfCFTA number and Join the AfCFTA Hub, available at www.afcfta.app (accessed 20 July 2023)

Currently, 33 out of 55 members of the AU ratified the Protocol, while only Seychelles, Benin, and Gambia implement the protocol by removing their border restrictions.³⁷ This means the implementation level of the Protocol is about 5%, although the ratification is 61%.

The free movement of a person's protocols contains provisions on progressive realization.³⁸ The provision is about the right of residence and right of business establishment which is divided into three phases. Phase one is about the implementation of border restriction removal, while phase two and phase three are about the right of residence and business establishment respectively. State parties are responsible for implementing the protocol by adopting regulations and administrative measures as per Article 27 of the protocol.

The free movement of persons remains unimplemented by 52 members since leaders have fears that implementing the protocols trigger political instability. This is because the protocol promotes low-skilled economic migrants to rich African countries. Thus, members of the AU feel that there should be a policy in place on population registration, passporting, record of criminal records, and cooperation. This policy makes member states feel safeguarded, hence implementing the protocol of free movement of persons.

To consider the implementation of the protocols, the African Visa Openness Report of 2022 is considered.

Table 1.3 AfCFTA member state broader openness report of 2022

Countries	No visa required	Visa required	Visa on arrival
Algeria	6	47	0
Angola	10	36	7
Benin	53	0	0
Botswana	17	36	0
Burkina Faso	16	26	11
Burundi	6	0	47
Cabo Verde	16	1	36
Cameroon	7	46	0
Central African Republic	8	45	0
Chad	14	38	1
Comoros	0	0	53
Democratic Reb of Congo	4	46	3
Cote d'Ivoire	22	31	0

³⁷ See stories of ECA about the free movement of people, a catalyst for trade on 29 March 2023 available at www.uneca.org (accessed 20 August 2023)

³⁸ Article 5 of the protocol on free movement of person, right of residence and establishment

Djibouti	0	3	50
Egypt	0	48	5
Eritrea	1	50	1
Eswatini, kingdom of	17	36	0
Ethiopia	2	2	49
Gabon	9	44	0
Gambia	53	0	0
Ghana	26	1	26
Guinea-Bissau	13	0	40
Guinea	19	34	0
Kenya	19	34	0
Lesotho	16	37	0
Liberia	14	39	0
Libya	1	52	0
Madagascar	0	1	52
Malawi	15	27	11
Mali	20	31	2
Mauritania	8	0	45
Mauritius	27	5	21
Morocco	7	46	0
Mozambique	9	2	42
Namibia	13	15	25
Niger	18	35	0
Nigeria	17	0	36
Rwanda	18	0	35
Republic of Congo	5	40	8
Sao Tome and Principle	7	46	0
Senegal	40	13	0
Seychelles	53	0	0
Sierra Leone	13	23	17
Somalia	0	1	52
South Africa	18	35	0
South Sudan	3	50	0
Sudan	0	51	2
Tanzania	19	12	22
Togo	14	1	38
Tunisia	22	31	0
Uganda	20	33	0
Zambia	14	28	11
Zimbabwe	17	26	10

Source: Africa Visa Openness Index 2022

1.2 Findings and results

The findings and results are discussed based on the data presentation. First, it discusses the customs performance and administrative assistance per the AfCFTA member state logistic performance index. Thereafter, it discusses the AfCFTA member state trade facilitation implementation commitment and the NTM. Finally, it considers the implantation level of different technologies and the free movement of people.

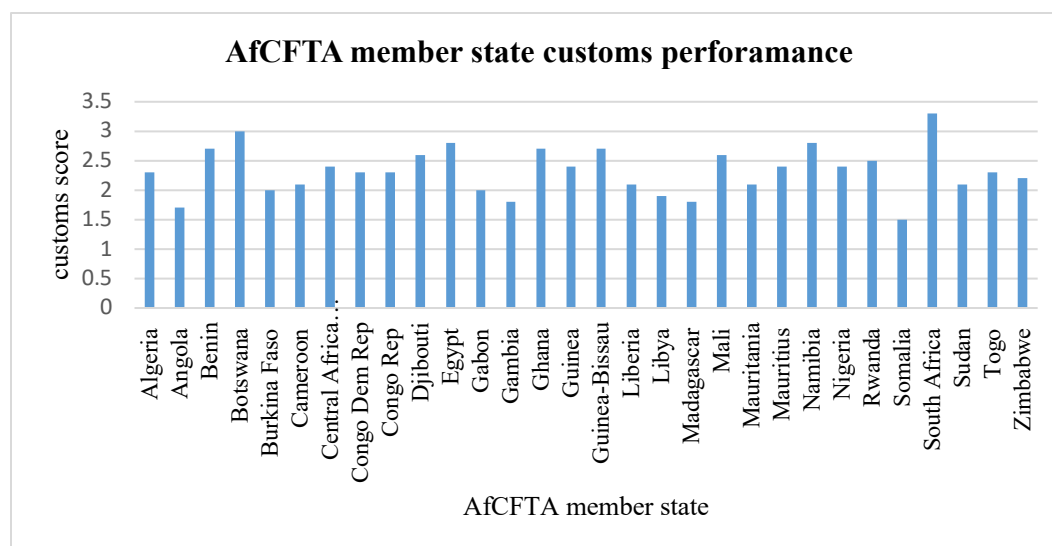
1.2.1 Customs performance and administrative assistance

1.2.1.1 Customs score

The customs score is about the administration of customs law, collection of duties and taxes, application of laws, and simplification and harmonization of customs procedures for exportation and importation. The customs score of 29 out of 54 member states of AfCFTA is evaluated per the World Bank 2023 customs score. The analysis is on 29 member states, as only 29 AfCFTA member states data is available. The customs score analysis is based on 5 to 1, where 5 indicates the highest customs performance.

As shown in the below figure out of the 29 AfCFTA member states only 9 countries got more than the average score, which is 2.5. Of which, the 8 AfCFTA member state custom scores are between 2.5 and 3, where Botswana scored 3, while the others are close to 2.5. South Africa is the only AfCFTA member state that scored 3.3 This means in 2023, 68.97% of the AfCFTA member states scored below average performance, while 31.03% of the AfCFTA members scored above average. Thus, to improve customs performance, the AfCFTA is required to work with the member state that scored below the average custom score.

Figure 1.1 AfCFTA member state customs performance



1.2.1.2 Logistic Performance Index

Further to the customs service score analysis, the logistic performance index is analyzed, to consider AfCFTA member state logistic performance. The logistic performance index is calculated in terms of customs services, infrastructure development, ease of arranging shipment, quality of logistics services, timeliness, tracking, and tracing. This analysis is important because it shows the gap between member states. For example, the first consignments of batteries exported by Kenya to Ghana under the AfCFTA took six weeks long to travel from the port of Mombasa to Tema as the goods went via Singapore.³⁹ This shipment is a witness to the long timeline of shipments under AfCFTA.

In terms of infrastructure, only Egypt, Ghana, and South Africa established necessary customs infrastructure.⁴⁰ The logistic performance index of 2023 indicates AfCFTA's performance in terms of timelines, infrastructure, custom service, ease of arranging shipment, quality of logistic service, and tracking and tracing. The performance index is based on the World Bank data of 2023 with a 5 to 1 score, where 5 indicates high performance and 1 indicates low performance.

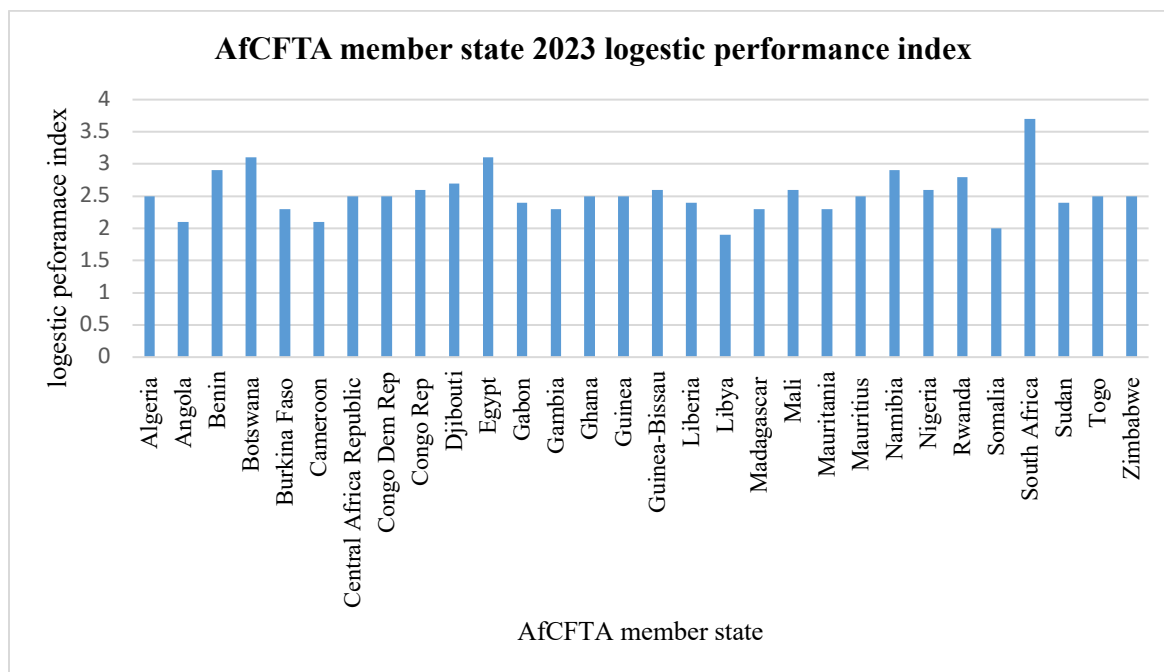
As illustrated in Figure 1.2 out of the 29 AfCFTA member states, 11 countries scored more than average and 8 countries scored exactly 2.5. Out of the 11 countries, three countries scored more

³⁹ Kate Hairsine, Africa AfCFTA free trade agreement takes

⁴⁰ Kingsley Ighobor, AfCFTA: 100 days since the start of free trading, the prospect seems bright

than 3 with South Africa with a score of 3.7 and Egypt and Botswana scoring 3.1. This means 62.07% of the AfCFTA member state logistic performance indexes are 2.5 and below, while 37.93% are above 2.5. This shows that the logistic performance of the member state requires improvement in terms of infrastructure development, arrangement of shipment, reduction of timelines, improvement of customs services, quality logistic service, and tracking and tracing.

Figure 1.2 AfCFTA member state logistic performance index



1.2.1 Trade facilitation

Trade facilitation is a catalyst in promoting international trade flow by reducing the time and cost of trading. WTO sets out terms and requirements for trade facilitation by putting an implementation framework for its members. Member states of the AfCFTA trade facilitation implementation commitment are by the WTO trade facilitation commitments.⁴¹ Out of the 54 member states of the AfCFTA, 43 members are members of the WTO who notified their implementation commitments to WTO. 20 trade facilitation activities require AfCFTA member state implementation commitments.

⁴¹ Article 29 of Trade Facilitation of AfCFTA

The trade facilitation implementation activities should be following the AfCFTA trade facilitation provision from Article 4 to Article 24. These Articles are publication, enquire points, advance ruling, pre-arrival processing, electronic payment, separation of release, and risk management. Post clearance audit, average release time, authorized operator, expedited shipments, perishable goods, use of international standards, and single window are the other activities that require member state commitments. Moreover, pre-shipment inspection, use of a customs broker, freedom of transit, charges, customs cooperation, and documentation require a member-state commitment for implementation.

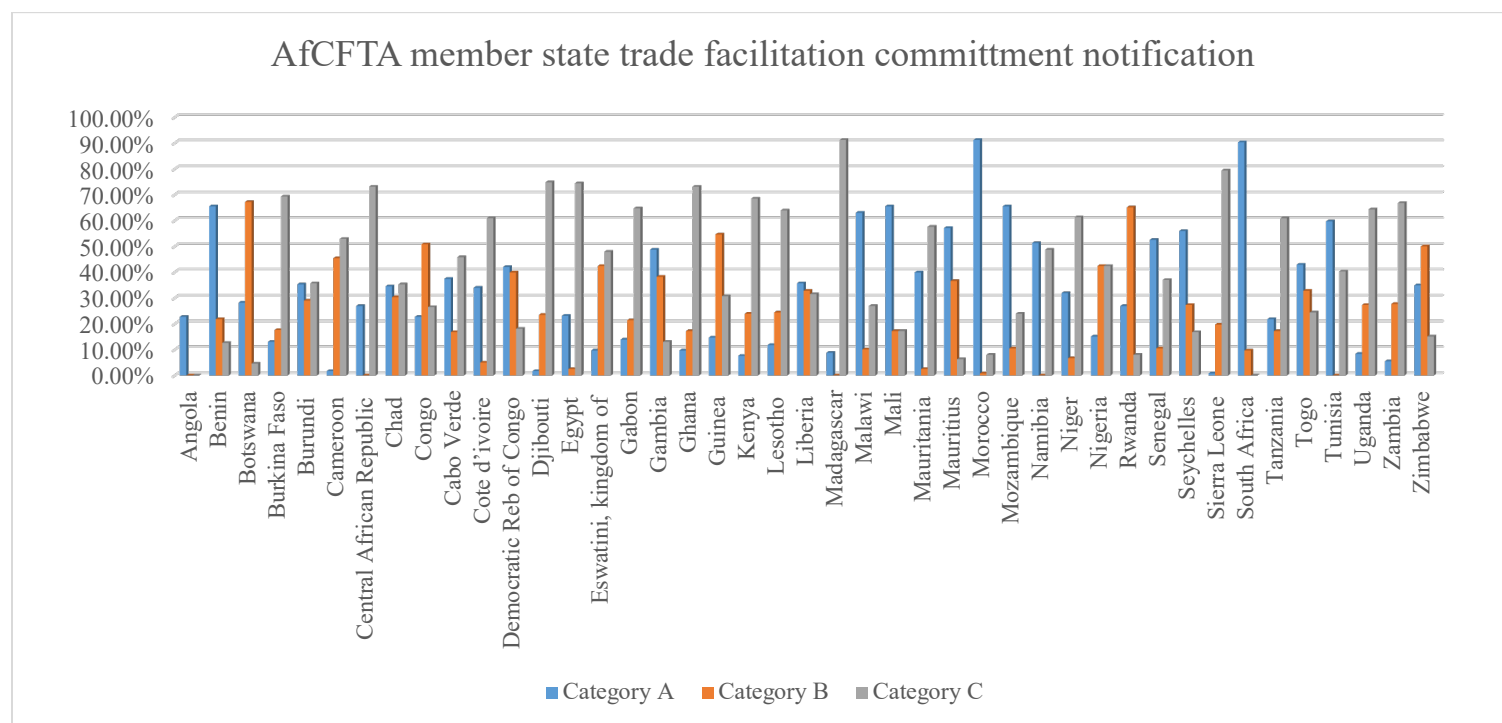
The 43-member state of WTO, which is also a member of AfCFTA, should notify the 20 activities implementation commitment by classifying under categories A, B, or C. Each category has its own indicative and definitive implementation time. Category A has a definitive implementation time of 2018, while Category B and C have definitive implementation times of up to 2024 and 2027 respectively.

The below figure shows 43 AfCFTA member states trade facilitation commitment notifications. From the findings, 11 countries' commitment notifications are 50% and above under Category A. 5 countries and 17 countries' commitment notifications are 50% and above are under Category B and Category C respectively. This means, that of the 20 implementation commitment activities, only 11 countries committed to implement more than 50% of activities under Category A. 5 countries and 17 countries notified more than 50% of their commitment under Category B and Category C respectively.

Of the 11 countries, Morocco and South Africa notify 90% of their implementation commitment under Category A, while nine countries' commitments are between 50% to 60%. On the other hand, of the 17 countries under Category C, Madagascar, and Sierra Leone's trade facilitation implementation commitment are 90% and 80% respectively, while the 15 countries' commitment is between 50% to 70%. From the findings, most of the AfCFTA members' trade facilitation commitment notifications are under Category C, where the Category C implementation timeline is between 2024 to 2027.

Most likely there will be an extension of the implementation timeline due to COVID-19 and other unanticipated circumstances. Thus, trade facilitation affects the trade flow under the AfCFTA initiatives for a minimum of five years. However, the probability of AfCFTA members in implementing trade facilitation activities is high. This is because the WTO implementation commitments were in place in 2017, while the implementation phase of AfCFTA was launched in 2019. Therefore, the probability of implementation the trade facilitation will be accelerated, if AfCFTA collaborates with WTO to build the capacity of its members.

Figure 1.2 AfCFTA members state trade facilitation commitment notification as per WTO framework



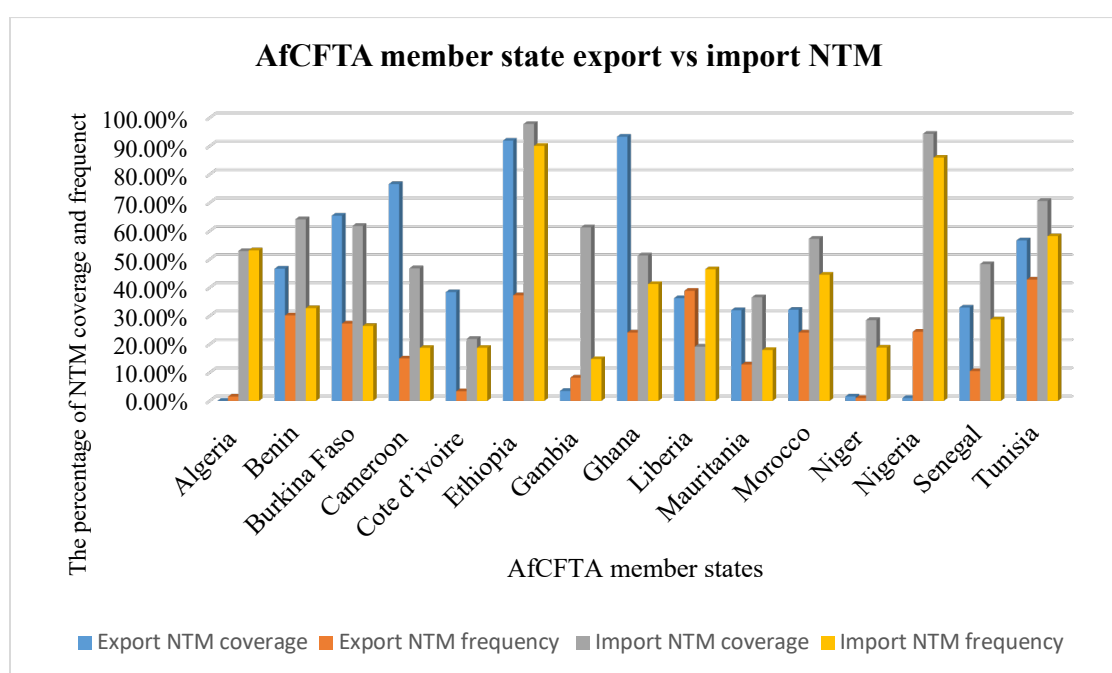
1.2.3 Non-Tariff barriers

To assess the AfCFTA member state non-tariff trade barrier, the NTM taken to export vs import is considered by taking the 15 countries as a sample. The NTM findings are based on the data retrieved from the UNCTAD database on NTB. As you can see in the below figure of 15 countries, the NTM taken for imported products is greater than the exported product. Of the 15, countries, 9 countries' NTM import coverage is more than 50%, while 5 countries' NTM export coverage is

more than 50%. In addition, of the 15 countries, 8 countries' import NTM frequency is greater than 30%, while 3 countries' NTM export frequency is greater than 30%.

The findings show that the countries' NTM for importation is much greater than the export NTMs. This is because the 15 countries mostly exported outside of Africa, where the NTM is eliminated by the imported countries to reduce the NTB. This means the AfCFTA faces an NTM, as most African countries have NTM during importing. This highly impacts the trading under the AfCFTA initiative.

Figure 1.3 15 AfCFTA member state export vs imports NTMs



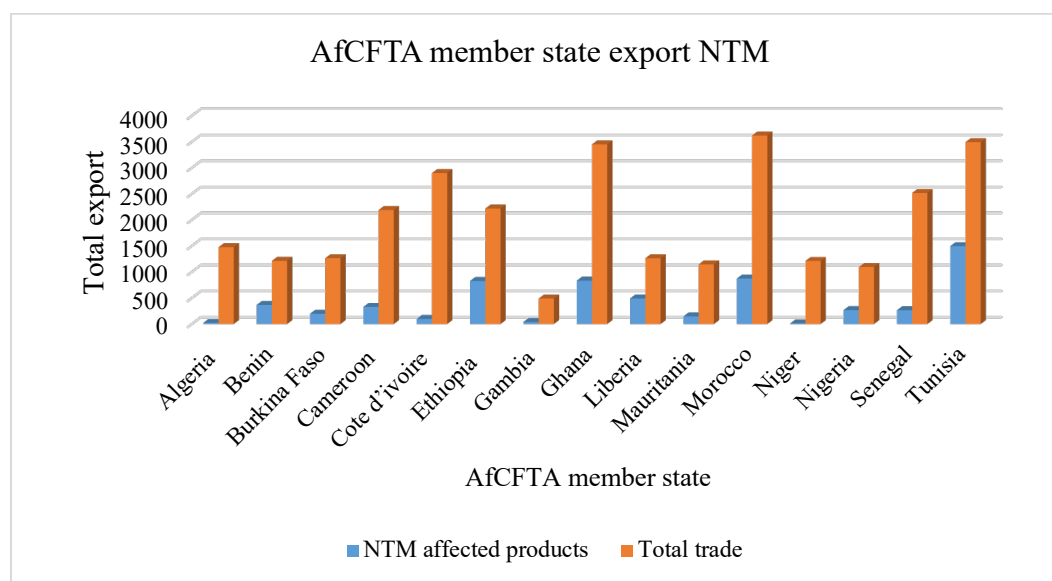
1.2.3.1 Non-Tariff measures on exportation

The NTM findings are based on 15 AfCFTA member state World Bank databases. Of the 54 AfCFTA member states, only 15-member state results are discussed as only these members' data is available. As shown in the below figure, the top three exporters are Morocco, Tunisia, and Ghana, while the top three least exporters are Gambia, Nigeria, and Mauritania. Morocco, Tunisia, and Ghana exported a total of 3,621, 3,493, and 3,451 trade respectively, of which 873, 1,496, and

833 products are taken as NTM. This means the NTM of Morocco, Tunisia, and Ghana accounts for 21.11%, 42.82%, and 23.85% respectively compared to their total export products.

Gambia, Nigeria, and Mauritania exported a total of 489, 1,094, and 1,146 trades respectively, of which 40, 267, and 147 trades are taken NTM. This means NTM of Gambia, Nigeria, and Mauritania accounts for 8.18%, 24.41%, and 12.83% respectively in terms of their total export products. Both the top three highest exporter and top three least exporter percentage are below 30%. This means NTM taken by these countries are low, hence non-tariff trade barriers are low. Accordingly, the non-tariff trade barrier impact on the AfCFTA trading is very low.

Figure 1.3 15 AfCFTA member states NTMs on export trade



1.2.1 Technology and free movement of people

1.2.1.1 Technology

Technology has the potential to foster economies of scale by decreasing bureaucracy in cross-border trade. This is because technology has the potential to make trading easy and quick. Also, it has the advantage of unmasking the fraud, as it is often said nothing is ever permanently deleted from the internet. The AfCFTA recognized the role of technology in promoting trading, hence leveraging different technologies to enhance its operation and promote efficacy. Technology requires regulation in place, where phase III of the AfCFTA negotiated on digital trade protocol that provides a framework for digital trade and e-commerce.

The operational phase of the AfCFTA launching is supported by five key legal instruments, of which three of them are a digital platform. These are the Pan-African Payment Settlement System (PAPSS), the Africa Trade Observatory (ATO), and the monitoring mechanism for non-tariff barriers including the e-tariff books. However, these platforms remain unimplemented during the first AfCFTA trade initiative. Moreover, there is a digital platform called “AfCFTA hub” launched in Accra, Ghana. The hub provides a common transactions reference framework to deepen operational interoperability among e-commerce, e-logistics, e-regulation, and e-customs platforms. Ghana and six other African countries would soon begin onboarding young entrepreneurs, SMEs, and startups to obtain free AfCFTA numbers.

The AfCFTA launching is supported by 80% technology assistance. Thereafter, there are also other technologies like the AfCFTA hub, the Africa exchange trade, etc to foster the trading under the AfCFTA initiative. However, in terms of implementation, of the four technologies that assisted the AfCFTA launching, only one technology is implemented, which is the e-tariff book. The PAPSS, the ATO, and the AfCFTA hub remain unimplemented. The online monitoring mechanism for non-tariff measures was implemented during the first trade initiative under the AfCFTA.

Generally, the AfCFTA recognises the role of technology in promoting the African intra-trade, hence doing extraordinary jobs. However, working towards the implementation should be the other main issue that requires more work. Accordingly, the AfCFTA is required to work the implementation strategies parallel to the development of technology that fosters the AfCFTA.

1.2.1.2 Free movement of people

Regional economic integration has five levels, where level 1 is a free trade area creation that enables members to reduce restrictions on export and import trading.⁴² Level 2 is a customs union, which allows free internal trade and member states impose common external policies. Level 3 is the creation of a common market where members are allowed freedom of movement of production in addition to level 1 and level 2 agreements. Level 4 is an economic union where there is a common rule and coordination of national and regional economic policy. The last is, political union, a stage where the common government is increased and the sovereignty of member states is reduced.

⁴² Bela Balassa, The theory of integration (1962)

On one hand, the AfCFTA is a regional integration that creates a continental single market via free trade area, which is level 1 economic integration. On the other hand, the free movement of people is part of level 3, which is the common market, of regional economic integration. The AU recognized the importance of the free movement of people in fostering the economic integration of Africa. Thus, the AU takes the free movement of people as one flagship project of Agenda 2063, while the AfCFTA is the other flagship project.

The free movement of people's protocols came into force with only 15 members of AU ratification in January 2018.⁴³ This protocol is part of the Abuja treaty that established the African Economic Communities (RECs) in 1961. The free movement of a person's protocol has three phases scheduled with four to twelve years of implementation. Phase one is about the implementation of border restriction removal, while phase two and phase three are about the right of residence and business establishment respectively. The removal of border restrictions is a phase one implementation, where African countries are required to open their borders to other African nations with an implementation timeline of four years.

Currently, 33 out of 55 members of the AU ratified the Protocol, while only Seychelles, Benin, and Gambia implement the protocol by removing their border restrictions.⁴⁴ This means the implementation level of the phase I protocol is about 5%, although the ratification is 61%. As you can see from the below figure 32 countries request a visa for more than 20 countries, while 10 countries open their borders for more than twenty countries. The visa openness prioritized the REC members. For example, as shown in Table 1.4, Cameroon allowed the free movement of people from Chad, Congo, and the Democratic Republic of Congo, who are members of CEMAC. However, Cameroon increased visa fees from CFA 50,000 to 150,000 for short-term stays for the other African nations.⁴⁵ Generally, the implementation level of visa openness is 5%, although the implementation timeline is until 2022.

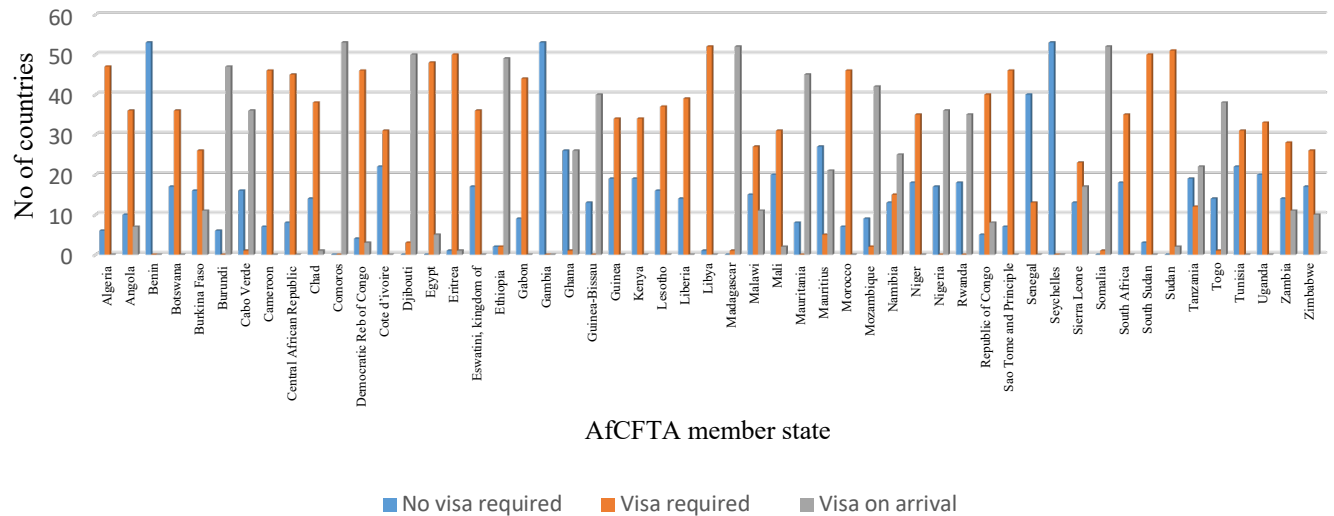
Figure 1.4 Africa Countries Visa Openness Report of 2022

⁴³ The treaty establishing the free movement of people, the right of residence, and the right of business establishment

⁴⁴ See stories of ECA about the free movement of people, a catalyst for trade on 29 March 2023 available at www.uneca.org (accessed 20 August 2023)

⁴⁵ See business news in Cameroon, Cameroon govt launches e-visa, increase cost for fast track procedures, (05 May 2023)

African countries visa openness report of 2022



1.4 Findings conclusion

The different treaties and protocols that formed the AfCFTA are sufficient for operationalizing the AfCFTA. However, the capacity of AfCFTA member states to adopt these protocols is limited, hence their level of implementation is debatable. The logistic performance index analysis evidence that 67% of members scored low performance. In addition, most AfCFTA member state trade facilitation implementation commitment notification is under category C, which has a definite timeline of up to 2027 with the requirement of capacity building.

Furthermore, the NTM analysis indicated that African countries impose more NTM for importing products compared to their exporting products. This is because African countries exported their product mostly outside of Africa. Hence, African countries' NTM for importing products affects the trading under the AfCFTA. Moreover, the implementation level of the free movement of people protocol and the different technologies created by AfCFTA are below 5%. Therefore, from this analysis, we conclude that the implementation level of the different treaties and protocols that formed the AfCFTA is very low.

Part III: AfCFTA National Implementation Strategy and REC's engagement

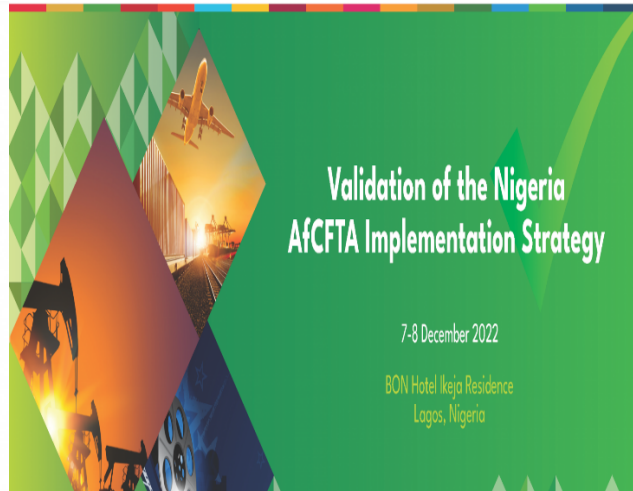


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1. AfCFTA national implementation Strategy and REC's engagement

The AfCFTA moves from negotiations to implementation. The full implementation of the AfCFTA highly depends on member states' political willingness and commitment in implementing the agreements. There are two stages in the implementation process of AfCFTA agreements. The first stage is that countries are required to sign the AfCFTA agreement, then ratify the agreement and deposit the instrument of ratification. Second, member state Gazette the AfCFTA Certificate of Origin and Tariff book as per the Provisional Schedule of Tariff Concessions (PSTCs). To do this first, the member state should establish a National Implementation Committee (NIC) which is responsible for developing implementation strategies.

The NIC submit the tariff offer for verification and adaptation. Member states whose tariff offers are technically verified and adopted should Gazette per their national laws. Overall, of the 55 AU member states, 54 members signed the agreement and 47 members ratified the agreement. Eritrea is the only AU member yet to sign the agreement and Benin, Liberia, Libya, Madagascar, Somalia, South Sudan, and Sudan have yet to ratify the agreement.⁴⁶ Moreover, of the 47 submitted tariff offers, 42 tariffs are verified.

Members yet to submit their tariff offers are Djibouti, Ethiopia, Libya, Mozambique, Somalia, Sahrawi Republic, and Sudan. In terms of Regional Economic Communities (RECs), of the eight African RECs, four REC tariff offers are submitted and ratified. These are the East African Community, the Economic Community of West African States, the Southern African Customs Union, and the Central African Economic and Monetary Community.

The 54 signatories, 47 ratifications, and 47 tariff offer submissions demonstrate members' strong political willingness and commitment toward the implementation process of the AfCFTA. It also indicates the bureaucratic capacity of the AfCFTA, where the Secretary-General works closely with the NIC to accelerate the AfCFTA implementation. Accordingly, this section of the study report tracks the number of countries that ratified the agreement, established the AfCFTA NIC and implementation strategy as well as the REC's engagement.

⁴⁶ Report on the implementation of the African continental free trade area (afcfta) to the fifth (5th) mid-year coordination meeting of the African Union and the regional economic communities, presented by his excellency mr Issoufou Mahamadou, former president of the Republic of Niger on 16 July 2023

1.1 Data presentation and analysis

The implementation level of the AfCFTA agreement heavily depends on member states' willingness and commitment to take action in implementing the agreements. It also requests individual member capacity and ability to harmonize and coordinate the trade agreements in line with the national, regional, continental, and global levels. In May 2019, when the AfCFTA came into force, all AU members except Eritrea signed the agreement. Of the 54 AfCFTA members, 47 members ratified the agreement, and 24 members ratified the agreement in May 2019.

The speed at which the AfCFTA moved from the negotiation and implementation process is quite an extraordinary achievement. The below table demonstrates key AfCFTA implementation milestones.

Table 1.1 Key AfCFTA Implementation Milestones

No	Milestones	Timeline
1	Negotiations begin	June 2015
2	Commencement of negotiation	Feb 2016
3	Agreement and adoption of 12 guiding principle	May 2016
4	Negotiation and agreement on 90% trade liberalization on goods	Feb-July 2017
5	Signature of agreements	March 2018
6	AfCFTA enter into force	May 2019
7	Commencement of Operationalization	July 2019
8	Secretariat Establishment	August 2020
7	Decision taken to added the protocol on women and youth as well as digital trade	Feb 2020
8	Start of trading	Jan-2021
9	AfCFTA guided trade initiative announced	July 2022
10	AfCFTA guided trade initiative officially launched	October 2022
11	AU assembly adopted the protocol on competition policy, intellectual property right, and investment policy	Feb 2023
12	Negotiation on digital trade, women, and youth are concluded	July 2023

In terms of REC's engagement, the REC's collaboration in the implementation of AfCFTA is impressive. Of the eight African RECs, four RECs, who already formed a customs union, tariff offers are submitted and verified namely EAC, ECOWAS, CEMAC, and SACU. ECOWAS and IGAD's AfCFTA implementation strategy is validated along with 29 individual members of the AfCFTA. The EAC implementation strategies are at the draft stage while the ECCAS and UMA are at inception phases. In light of these, this section of the report data presentation and analysis is split into two sections; the national level implementation and REC's engagement.

1.1.1 National level implementation strategy

As of September 2023, 54 AU member states signed the agreement, 47 ratified the agreement and deposited the instrument as well as 47 tariff offers submitted. The 47 members have ratified the agreement, meaning that they have taken the necessary constitutional steps at the national level to implement the agreement as a matter of binding law. To implement the agreement, members are required to establish a National Implementation Committee (NIC) and develop implementation strategies.

The NIC consists of a high-level steering committee, a secretariat, and technical working groups. The high-level steering committee is chaired by the minister of trade or higher-level officials who report to the president or prime minister. The formation of NIC settings should consider the inclusion of multi-stakeholder committee/s, develop a clear mandate, provide adequate resources, engage in consultation and outreach, and monitor and evaluate.⁴⁷ The AfCFTA secretariat supports the formation and operation of the NICs to accelerate the implementation of AfCFTA.

Of the 54 member states, only five members established the NIC, while three members passed the law for establishment and two members are in the process of passing the law for establishing the NIC. The remaining 44 members used the existing negotiations and implementation structures for the AfCFTA issues as well. Moreover, of the 54 members, 29 members validated their implementation strategies, and the rest are either in the drafting or in the inception stage of their implementation strategies. The below table depicts the members who ratified the agreement,

⁴⁷ Sebahizi, P., Habte, M., Noor, H., Chitanda, Y., Semedo, J. T., te Velde, D. W., Abudu, D., Agarwal, P., Mendez-Parra, M. (2023). From negotiations to implementation: Building Effective AfCFTA National Implementation Committees. ODI Policy Brief. London: ODI

submitted tariff offers, established a national implementation committee, and validated implementation strategies.

Table 1.1 AU member states who signed and ratified the agreement as well as Gazette their tariff offer

Member state	Signed the agreement	Ratify the agreement & deposit instrument	Establish national implementation committee	Submit Tariff Offer for verification	Validated implementation strategies
Algeria	yes	23 June 2021	In the process of passing law for establishment	yes	No
Angola	yes	4 Nov 2020	no	yes	Yes
Benin	Yes	No	No	yes	Yes
Botswana	Yes	19 Feb 2023	No	yes	Yes
Burkina Faso	yes	29 May 2019	no	yes	Yes
Burundi	yes	26 August 2021	no	yes	Yes
Cameroon	Yes	1 Dec 2020	no	yes	Yes
Central African Republic	Yes	22 Sep 2020	no	yes	Yes
Chad	yes	2 July 2018	no	yes	Yes
Cape Verde	Yes	5 Feb 2022	no	yes	No
Comoros	Yes	19 Feb 2023	passed laws for establishment	yes	Yes
Cote d'ivoire	Yes	23 Nov 2018	Operational(May 2018,	yes	Yes
Republic of Congo	Yes	10 Feb 2019	No	Yes	Yes
Democratic Reb of Congo	Yes	23 Feb 2022	passed laws for establishment	yes	Yes
Djibouti	Yes	11 Feb 2019	No	no	Yes
Egypt	Yes	8 April 2019	No	Yes	Yes
Eritrea	No	No	No	no	No

Equatorial Guinea	yes	2 July 2019	No	Yes	No
Ethiopia	Yes	10 April 2019	No	yes	No
Eswatini	Yes	2 July 2018	No	yes	Yes
Gabon	Yes	7 July 2019	No	yes	Yes
Gambia	Yes	16 April 2019	No	yes	Yes
Ghana	Yes	10 May 2018	Operational (March 2020)	Yes	Yes
Guinea	yes	16 Oct 2018	No	yes	Yes
Guinea-Bissau	Yes	27 Sep 2022	No	Yes	No
Kenya	Yes	10 May 2018	Operational(August 2022)	yes	Yes
Lesotho	Yes	27 Nov 2020	No	Yes	Yes
Liberia	Yes	No	No	Yes	No
Libya	Yes	No	No	no	No
Madagascar	Yes	No	No	Yes	Yes
Malawi	Yes	15 Jan 2021	No	yes	Yes
Mali	Yes	1 Feb 2019	No	Yes	No
Mauritania	Yes	11 Feb 2019	In the process of passing law for establishment	yes	Yes
Mauritius	Yes	7 Oct 2019	No	yes	Yes
Morocco	Yes	20 April 2022	No	Yes	Yes
Mozambique	Yes	05 July 2023	No	no	Yes
Namibia	Yes	1 Feb 2019	No	yes	Yes
Niger	Yes	19 June 2018	No	yes	Yes
Nigeria	Yes	5 Dec 2020	Operational(December 2019)	yes	Yes
Rwanda	yes	26 May 2018	Operational(June 2022)	yes	Yes
Sahrawi Republic	Yes	30 April 2019	No	no	No

Sao Tome and Principe	Yes	27 June 2019	No	yes	Yes
Senegal	yes	2 April 2019	No	yes	Yes
Seychelles	Yes	15 Sep 2019	No	Yes	No
Sierra Leone	Yes	30 April 2019	No	yes	Yes
Somalia	Yes	No	No	no	Yes
Sudan	Yes	No	No	no	No
South Sudan	Yes	No	No	yes	Yes
South Africa	yes	10 Feb 2019	No	Yes	Yes
Tanzania	yes	17 Jan 2022	No	Yes	Yes
Togo	Yes	2 April 2019	No	Yes	Yes
Tunisia	Yes	27 Nov 2020	passed laws for establishment	Yes	Yes
Uganda	Yes	9 Feb 2019	No	Yes	Yes
Zambia	Yes	5 Feb 2021	No	yes	Yes
Zimbabwe	Yes	24 May 2019	No	yes	Yes

Source: AfCFTA state and non-state parties available at <http://au-afcfta.org/state-parties/>

1.1.2 Africa Regional Economic Communities (REC's) engagement

Africa has eight Regional Economic Communities (RECs), which are recognized by the AU. These are ECCAS, ECOWAS, COMESA, EAC, SADC, SACU, CEM-SAD, and IGAD. The AfCFTA recognized the importance of the RECS, hence taken as a building bloc of the AfCFTA. This means trade liberalization is being implemented through the already existing RECs. Of the eight RECs, the four RECs are a custom union who have a common external tariff. Hence, the AfCFTA member states make a collective offer of their tariff concessions through their regional RECs.

For trade in goods, the AfCFTA tariff offer is submitted through member states' respective regional RECs. For trade-in service, some members of RECs will submit their own specific tariff commitments, and some members submit their offer through their respective regional RECs like

that of the trade-in goods. Each customs union is required to prepare and submit their tariff offer that contains information on rules of origin and schedule of commitment for trade in goods and services. Prior to submitting to the AfCFTA secretariat, each custom union consults with its respective members and submits the final consensus. Upon submitting the tariff offer, the AfCFTA secretariat validates and adopts the implementation strategies. Thereafter, the customs union Gazette the Tariff Offer by passing a law for operationalizing the trade.

Overall, AfCFTA member state submitted their tariff offer through four RECs that formed a customs union. These are the East African Economic Community (ECA), Central Economic and Monetary Community of Central Africa (CEMAC), Economic Community of Western Africa State (ECOWAS), and Southern African Customs Union (SACU). In addition, the Democratic Republic of Congo, Egypt, Madagascar, Malawi, Mauritius, Morocco, Seychelles, and Sao Tome and Principe submitted their tariff offer individually as they are not part of any customs union.

All four RECs submitted their tariff offer and validated them accordingly. The tariff offer of ECA is validated on 19 Feb 2022, CEMAC and ECOWAS on 26 October 2021, and SACU on 31 May 2023. Moreover, off the eight REC IGAD and ECOWAS implementation strategies are validated while the EAC implementation strategy is at the drafting stage and ECCAS and UMA are in the stage of inception. COMESA and SADC are in the process of developing the implementation strategies.

1.1.2.1 The East African Community (ECA)

The ECA African regional intergovernmental organisations of seven state parties. These are Burundi, Democratic Republic of Congo, Kenya, Rwanda, Uganda, Tanzania, and South Sudan. The EAC submitted the tariff offer for category A products less than a month after the AfCFTA came into force, on 30 May 2019. The ECA submitted both the tariff offer for trade in goods of non-sensitive products and the schedule of commitment for trade in Services.

The ECA Schedule of Tariff Concessions which is applicable for category A products under the AfCFTA trade is Gazette with legal notice no EAC/321/2022 on 6th September 2022, at ARUSHA, Tanzania. In addition, the ECA submitted its Schedule of Tariff concession in trade in Service. However, the Trade in Service Tariff Concession excludes two member states; the Democratic Republic of Congo and South Sudan. The EAC average tariff line for products in Goods is 12 with

2120 products 0%, 1085 products between 5% to 10% tariff reduction, and 1311 products between 105-25% tariff reduction. The ECA is in the stage of drafting the implementation strategies of AfCFTA.

1.1.2.2 The Economic Community of West African States (ECOWAS)

The ECOWAS is a Western African region political and economic union that consists of 15 countries. These are Benin, Burkina Faso, Cabo Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. ECOWAS adopts a regional strategy for accelerating the AfCFTA implementation in West Africa. The ECOWAS implementation strategies of AfCFTA are endorsed by the ECOWAS Council of Ministers on the 6 and 7 of July 2023. However, ECOWAS submitted its tariff offer and validated it on 26 October 2021. Mauritania indicated its interest in a tariff offer in line with the ECOWAS tariff offer.

The ECOWAS tariff offer is based on their external tariff offer adopted in 2013. The average tariff offer of ECOWAS is 11% with a tariff offer of 94 products of 0%, 2260 products of 0% to 5%, 1390 products of 5%-10%, and 1768 products of 10%-15%. Currently, ECOWAS validated implementation strategies of the AfCFTA

1.1.2.3 The Southern African Customs Union (SACU)

SACU is a customs union consisting of Botswana, Eswatini, Lesotho, Namibia, and South Africa. The submission of the Schedule of Tariff Concessions is a witness to the SACU commitments with the view of ensuring its business community leverages the benefits of AfCFTA. SACU submitted an initial Tariff offer in Nov 2020, however, the tariff offer requires further work to comply with the agreed modalities of tariff liberalization. In Feb 2023 SACU submitted the final tariff offer on the 11th meeting of the AfCFTA Council of Ministers meeting held in Gaborone, Botswana.

On 31 May 2023, the SACU and Morocco tariff offers are adopted in the 2nd extraordinary meeting of the AfCFTA Council of Ministers in Nairobi, Kenya. Compared to the initial tariff offer SACU took more time in re-submitting their tariff offer. The average tariff offer of SACU is 5 with tariff offer of 3982 products 0%, 213 products between 0% to 5%, 679 from 5% to 10%, 952 products between 10-25%, and 72 products more than 25%. Accordingly, SACU took more time in their

tariff offer revision, however, their tariff offer is extraordinary where 3982 products have with 0% tariff offer.

1.1.2.4 The Central African Economic and Monetary Community (CEMAC)

CEMAC is established to promote economic development within its six member states; Cameroon, Central Africa Republic, Chad, Equatorial Guinea, Gabon, and Republic of Congo. CEMAC submitted its tariff offer and validated it on 26 October 2021. The average tariff offer of CEMAC is 18.2% with a tariff offer of 32 products with 0%, 316 products between 0%-5%, 2635 products with 5% to 10%, 700 products between 10% to 25%, and 2156 products with more than 25%.

1.2 Results and findings

The AfCFTA agreement is negotiated at the continental level and moved to the implementation process. Members of the AfCFTA play a critical role in the implementation process. The implementation process of the AfCFTA has two stages before commencing trading under the AfCFTA initiative. First AU member state is required to sign the agreement, ratify it, and deposit the instruments. Second, the members' Gazette the AfCFTA tariff book including certificate of origin.

The year 2023 is the “acceleration of AfCFTA implementation” year, where the AfCFTA Secretary-General provides technical support for members to speed up the AfCFTA implementation. Currently, 54 AU member states signed the AfCFTA agreement, 47 member states ratified the agreement and deposited the instrument, and 42 member states' tariff offer is validated, off the 47 submitted tariff offer. This means as of September 2023, 98.2% of signatories, 85.46% deposited their instrument, which represents 94% of the African GDP and 88% of the African population. In addition, 47 member state have submitted their tariff offer, of which 76.36% of the tariff offer is validated while 12.73% of the tariff offers are waiting for validation.

Member states are required to establish NIC and implementation strategies. Off the 54 member states, Cote d'Ivoire, Ghana, Kenya, Nigeria, and Rwanda NIC are operational. Democratic Republic of Congo, Comoros, and Tunisia recently passed a law for the establishment of NIC while Algeria and Mauritania are in the process of passing a law for NIC establishment. The following results of the analysis track the member state status in terms of deposited instruments, submission of offer line, and establishment of NIC.

1.2.1 AfCFTA signatory and ratification

Initially, the AU member state is required to sign the agreement, ratify it, and deposit the instruments in order to trade under the AfCFTA initiative. The agreement that established the AfCFTA opened for signatories on 21 March 2018, entered into force on 30 May 2019 and operationalizing commenced in July 2019. On 30 May 2019, 54 countries signed the agreement and 24 countries deposited their instruments. As of September 2023, 47 members deposited their instruments of the 54 State parties. Off the 55 AU member states, Eritrea is the only country yet to sign the agreement. Benin, Liberia, Libya, Madagascar, Somalia, South Sudan, and Sudan are the seven countries that signed the agreement but have yet to ratify the agreements.

Ghana and Kenya were the first countries that deposited the agreement on 10 May 2018, followed by Rwanda which deposited thirdly on 26 May 2018. As you can see from the below figure, from 2018 to 2019, 29 members, from 2020 to 2021, 9 members, and from 2022 to September 2023, 9 members deposited their instruments. 29 members deposited their instrument by the time when the first trade commenced on 1 January 2021. 35 countries deposited their instrument on the first commercial meaningful trading in October 2022, where Tanzania deposited in 2022 and became one of the countries that participated in the first trade initiative

Figure 1.1 AfCFTA member's instrument deposited year in order

	Year of instrument deposit			
	2018-2019	2020-2021	2022-2023	Not yet ratified
Countries deposit in order	1. Ghana	1. Central African Republic	1. Tanzania	1. Benin
	2. Kenya	2. Angola	2. Cape Verde	2. Liberia
	3. Rwanda	3. Lesotho	3. Democratic Rep of Congo	3. Libya
	4. Niger	4. Tunisia	4. Morocco	4. Madagascar
	5. Chad	5. Cameroon	5. Guinea-Bissau	5. Somalia
	6. Eswatini	6. Nigeria	6. Botswana	6. South Sudan
	7. Guinea	7. Malawi	7. Comoros	7. Sudan
	8. Cote d'Ivoire	8. Zambia	8. Mozambique	
	9. Mali	9. Algeria		
	10. Namibia	10. Burundi		
	11. Uganda			
	12. Republic of Congo			
	13. South Africa			
	14. Djibouti			
	15. Mauritania			
	16. Senegal			
	17. Togo			
	18. Egypt			
	19. Ethiopia			
	20. Gambia			
	21. Sahrawi Republic			
	22. Sierra Leone			
	23. Zimbabwe			
	24. Burkina Faso			
	25. Sao Tome and Principe			
	26. Equatorial Guinea			
	27. Gabon			
	28. Seychelles			
	29. Mauritius			

1.2.2 Tariff offer submission and validation

The AfCFTA members who ratify the agreement and deposit the instrument required to pass through the second stage of the implementation process. The second stage is that the members Gazette the AfCFTA tariff book in line with the schedule of commitment and rule of origin. To do this, members submit their tariff offer for verification and adaptation process. Thereafter, the AfCFTA Secretariat technical team verify the offer. Technical verification is the process by which the Secretariat checks the accuracy and compliance of the tariff reduction. After the verification, the tariff offer becomes validated, and then the tariff offer becomes a nationally legally binding instruments.

As of September 2023, 47 member states submitted their tariff offers for verification and adoption. Off the 47, 42 provisional Schedules of Tariff Concessions are adopted, while the 5 members are waiting for verification. As you can see from Table 1.1 in the data presentation section, the seven members yet to submit their tariff offer are Djibouti, Ethiopia, Libya, Mozambique, Somalia, Sahrawi Republic, and Sudan, which Ethiopia submitted very recently in September 2023.

The AfCFTA tariff offer is submitted through member state customs unions namely CEMAC, ECA, ECOWAS, and SACU. In addition, the Democratic Republic of Congo, Egypt, Madagascar,

Malawi, Mauritius, Morocco, Seychelles, and Sao Tome and Principe submitted their tariff offer individually as they are not part of any custom union. CEMAC, ECA, ECOWAS, and SACU tariff offer including the individual countries is already submitted and verified. Accordingly, only seven countries are left for finalizing the tariff offer submission and verification. However, this tariff offer is only for trade in goods, where most countries submitted their tariff offer of non-sensitive products, which is Category A products.

1.2.3 Establishment of NIC and implementation strategies

The national level implementation strategies identifies each AfCFTA members export potential by prioritizing products and/or services for export. The priority areas demonstrate the potential of value chains development and reviews of policy and regulatory for trade in service development. The strategy demonstrate the plan of establishing special economic zone, standard and removal of non-tariff barriers. In addition, there should be a strategy that promote AfCFTA for SME's development and the improvement of transport and logistics connectivity. The national implementation strategies should be developed by National Implementation Committee (NIC).

The establishment of NIC decisions is made on 31 ordinary sessions of AU assembly, held in Nouakchott, Mauritania at 1-2 July 2018. The NIC establishment is the first step as they are in the position to negotiate, consult, and develop the implementation strategies. The NIC consists of the high-level steering committee, a secretariat, and technical working groups. The high level steering committee is chaired by the minister of trade or higher level officials who report to the president or prime minister. The formation of NIC settings should consider the inclusion of multi-stakeholder committee/s, develop a clear mandate, provide adequate resources, engage in consultation and outreach, and monitor and evaluate.⁴⁸

The AfCFTA secretariat support the formation and operation of the NICs in order to accelerate the implementation of AfCFTA. As of September 2023, only five countries established NIC namely Côte d'Ivoire, Ghana, Kenya, Nigeria, and Rwanda. Democratic Republic of Congo, Comoros, and Tunisia passed laws for NIC establishments while Algeria and Mauritania are in the process

⁴⁸ Sebahizi, P., Habte, M., Noor, H., Chitanda, Y., Semedo, J. T., te Velde, D. W., Abudu, D., Agarwal, P., Mendez-Parra, M. (2023). From negotiations to implementation: Building Effective AfCFTA National Implementation Committees. ODI Policy Brief. London: ODI

of passing the laws. Other members are using the existing negotiations and implementation structures for the AfCFTA issues as well.

The established NIC develop national implementation strategies in accordance with existing trade negotiation and implementation structure. Currently, 32 national strategies are validated where Benin, Central African Republic, Mozambique, and Tanzania validation is in the month of February to July 2023. The 32 countries are

- Benin(validated mid Feb 2023)
- Burkina Faso
- Burundi
- Cameroon
- Central Africa Republic(validated March 2023)
- Chad
- Cote d'Ivoire
- Comoros
- Democratic Rep. of Congo
- Djibouti
- Egypt
- Gabon
- Ghana
- Guinea
- Kenya
- Malawi
- Mauritania
- Mauritius
- Mozambique(validated March 2023)
- Namibia
- Niger
- Nigeria
- Rwanda
- Sao Tome & Principe
- Senegal
- Sierra Leone
- South Sudan
- Tanzania(validated March 2023)
- The Gambia
- Togo
- Tunisia
- Zambia
- Zimbabwe

Of the 54 members of AfCFTA 22 countries are either at the drafting stage or inception stage of their implementation strategies. For instance, Algeria, Botswana, Eswatini, Somalia, Guinea-Bissau, and Liberia are drafting their strategies while Equatorial Guinea, Morocco, Libya, Cabo Verde and Seychelles are at the inception phases of their implementation strategies.⁴⁹

⁴⁹ Sebahizi, P., Habte, M., Noor, H., Chitanda, Y., Semedo, J. T., te Velde, D. W., Abudu, D., Agarwal, P., Mendez-Parra, M. (2023). *AfCFTA National Implementation Committees: scoping options and support mechanisms*. ODI Research Report. London: ODI

1.2.4 REC's engagement

The REC's engagements are significant for the successful implementation of the AfCFTA. This is because they do have a potential in coordinating the negotiation positions and provide a support for their respective members for implementation of the AfCFTA. So far, IGAD and ECOWAS AfCFTA implementation Strategies are validated, while the EAC is at draft stage of implementation strategies development. The ECCAS and UMA implementation strategies are at inception stages. In addition four of the REC's submitted their tariff offer after negotiation and concision reached by their respective member states.

The eight RECs recognized by the AU are ECCAS, ECOWAS, COMESA, EAC, SADC, SACU, CEM-SAD, UMA and IGAD. Of these RECs, the CEMAC, ECOWAS, EAC, and SACU are a custom union who have a common external tariff. The AfCFTA member state make a collective offer of their tariff concessions through their respective regional REC's. The tariff offer is submitted by CEMAC, ECOWAS, EAC, and SACU on behalf of their 6, 15, 7, and 5 member states respectively. All the four REC's tariff offer is validated where the SACU tariff offer is validated lastly in 31 May 2023.⁵⁰

The tariff offer commitments include for trade in goods only, yet ECA submitted their schedule of commitments for trade in services. The trade in goods tariff offer are mostly for non-sensitive goods, where some REC's included also the offer of sensitive goods. CEMAC tariff offer are both for non-sensitive and sensitive goods as well as the products excluded from liberalization. The ECOWAS, EAC, and SACU tariff offers are only for non-sensitive products. The tariff offers embraces products with and without agreed Rule of Origin. The application of liberalization is for CEMAC, EAC, and ECOWAS are with a phase down of 10 years, while for SACU with a phase down of 5 years.⁵¹

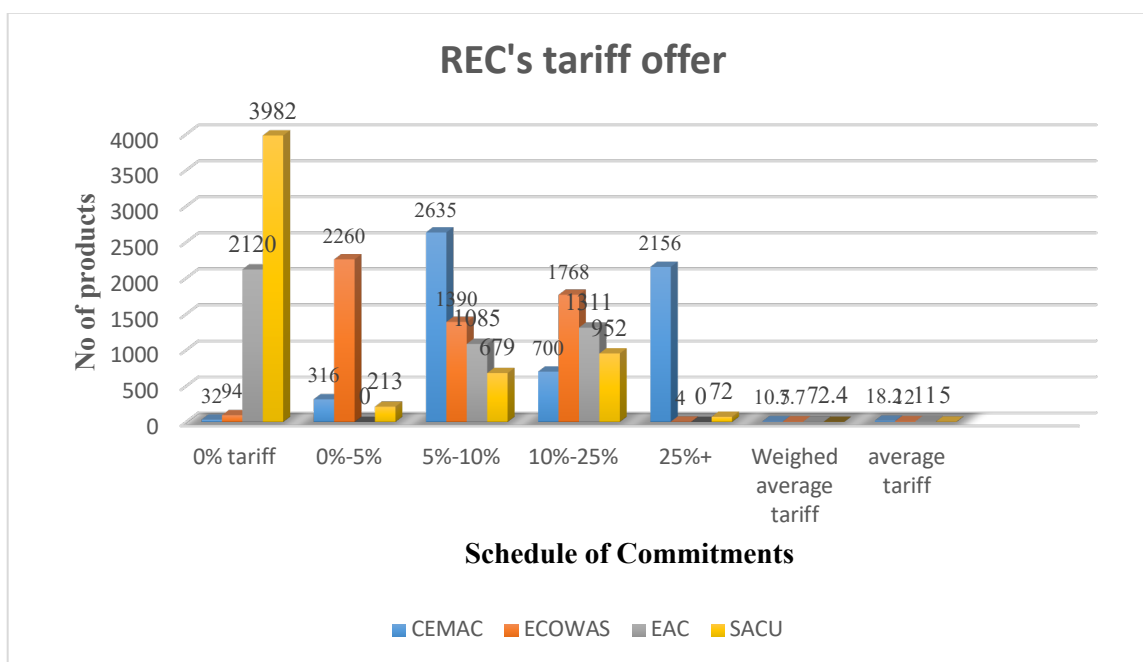
CEMAC average tariff offer is the biggest one, which is 18.2% in comparison to ECOWAS 11%, EAC 12%, and SACU 5%. A significant number of EAC and SACU schedules of tariff offer is

⁵⁰ Report on the implementation of the AfCFTA to the fifth (5th) mid-year coordination meeting of the african union and REC's, July 2023

⁵¹ Tralc African Continental Free Trade Agreement (AfCFTA) Comparative analysis of tariff offers

0%. As you can see from the below figure the largest 0% tariff is offered by SACU with 3982 products of, followed by EAC with 2120 produces, while ECOWAS offered for 94 products and CEMAC offered for 32 products. The 25%+ tariff is offered largely by CEMAC with 2156 products, while SACU for 72 products, and ECOWAS 4 products. Most of the REC's offer is between 5% to 10% where CEMAC offer goes for 2635 products, 1390 for ECOWAS, 1085 for EAC, and 679 for SACU offer.

Figure 1.2 REC's tariff offer analysis



Source: UNDP analysis by cross checking with the AfCFA e-tariff book

1.2 Findings conclusion

Successful implementation of the AfCFTA depends on the political will and commitment of member states and their leaders. The speed at which members ratify the agreement and install the instrument quite extraordinary. In addition, the submission of tariff offer and implementation strategy both at national and regional level is a witness for the REC's and members engagement. This leads us to the conclusion of, AfCFTA will be successfully implemented very soon