

Acronyms

AfCFTA	African Continental Free Trade Area
B2B	Business-to-Business
CAPMAS	Egypt Central Agency for Public Mobilization and Statistics
EAC	East African Community
ETH	Export Trade House
GDP	Growth Domestic Product
GTI	Guided Trade Initiatives
Ketepa	Kenya Tea Packers
OEC	Observatory Economic Complexity
Pcs	pieces
Q	Quarter
RECs	Regional Economic Community
SADC	South African Development Community
SME's	Small and Medium Enterprises
TOT	Terms of Trade
UNECA	United Nation of Economic Community for Africa
UNCTAD	Unite Nation Conference on Trade and Development
WB	World Bank



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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 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.

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 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)



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 for 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 a 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 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

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

OECD 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 OECD 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 a report of the 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 focus on manufacturing, services, and agricultural processing. Egypt are 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 into the Egyptian market with a special consideration for the SMEs' requirements.

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,

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

garment and textile, industrial salt, petrochemicals, oil palm, and machine and machine components. Per 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 utilized material is a 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 2,019.16 unit of 300mm * 300mm ceramic tiles valued at \$ 5,836.64 and \$35,468 palm oil to Cameroon 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 Cameroon amount to \$ 10,994.21, from Egypt amount to \$312,360, Kenya \$197,000, from Mauritius \$49,410, and from Rwanda amount 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

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

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/>

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 of 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 for export under the AfCFTA includes tea, Exide batteries, leather bags, confectionery, 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

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

\$197,000.¹⁶ Kenya's both export and import are concerning Kenya's export-import priority products, which will give a more competitive advantage for Kenyans.

1.1.5 Mauritius

Mauritius is a country that has 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. Per 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 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

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)

¹⁸ 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)

exempted from customs duties.¹⁹ The eight countries particularly the SME exporters didn't take the tax-exempt privilege may be because of the private sector's non-readiness. Mauritius like that of the Egyptian requires to amend their 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, 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.

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 Western 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

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

²⁰ Igire AfCFTA certificate of origin

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.

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.

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

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/>

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. Per 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-added products. Tunisia exported 60 tonnes of resin products amounting to 90,000 euro as their first shipment to Cameroon on 17 July 2023 under the AfCFTA initiative.²⁵ This trade for Tunisia was 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.

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)

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
Tunisia	1	resin	\$97,704	02 July 2023	Cameroon

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 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 exporters 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

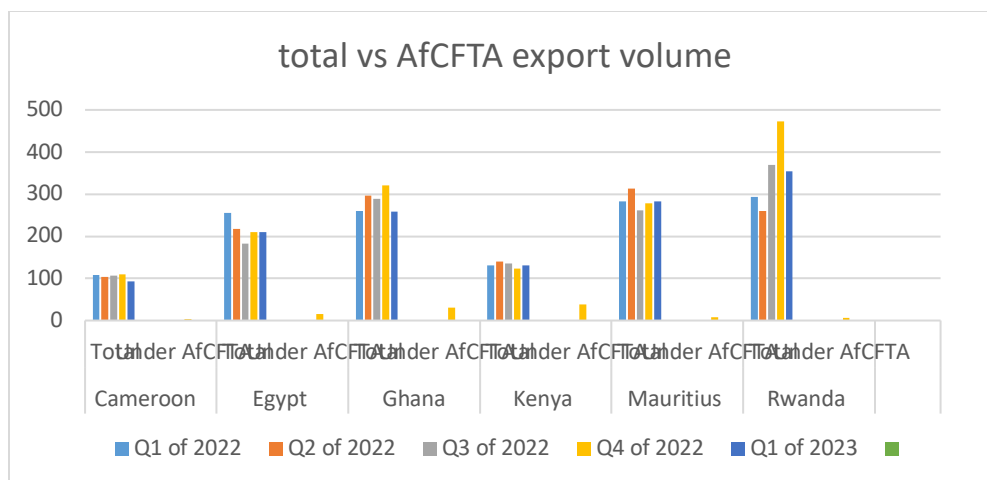
a representative of the central region of Africa is extraordinary, while the AfCFTA contribution is insignificant.

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 South African 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 South African region's representation, Mauritius's contribution in Q4 of 2022 is high, 178.3%, while the South 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 decreased in Q4 of 2022, since Kenya's 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 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, Ghana's 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.

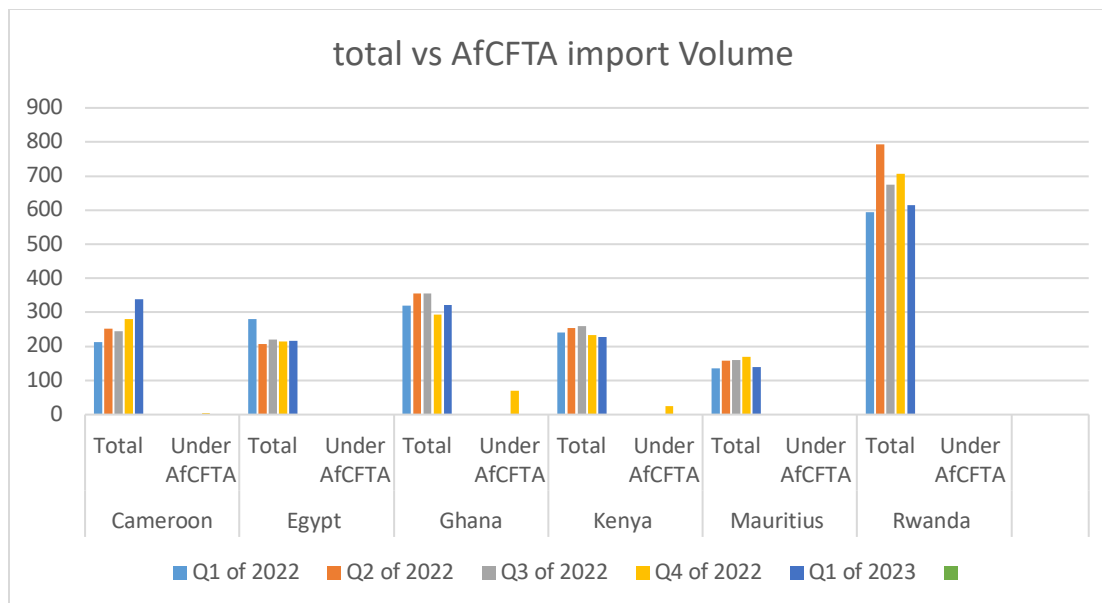
Kenya is the second-highest country that imports products under the AfCFTA with 25.74% of the total AfCFTA import market share. The quarterly import volume index of Kenya for 2022 and the first quarter of 2023 are; 241.2, 253.9, 259.2, 233.5, and 228.1 respectively. The Kenya import increased by 141.2% 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 imports 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 the 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

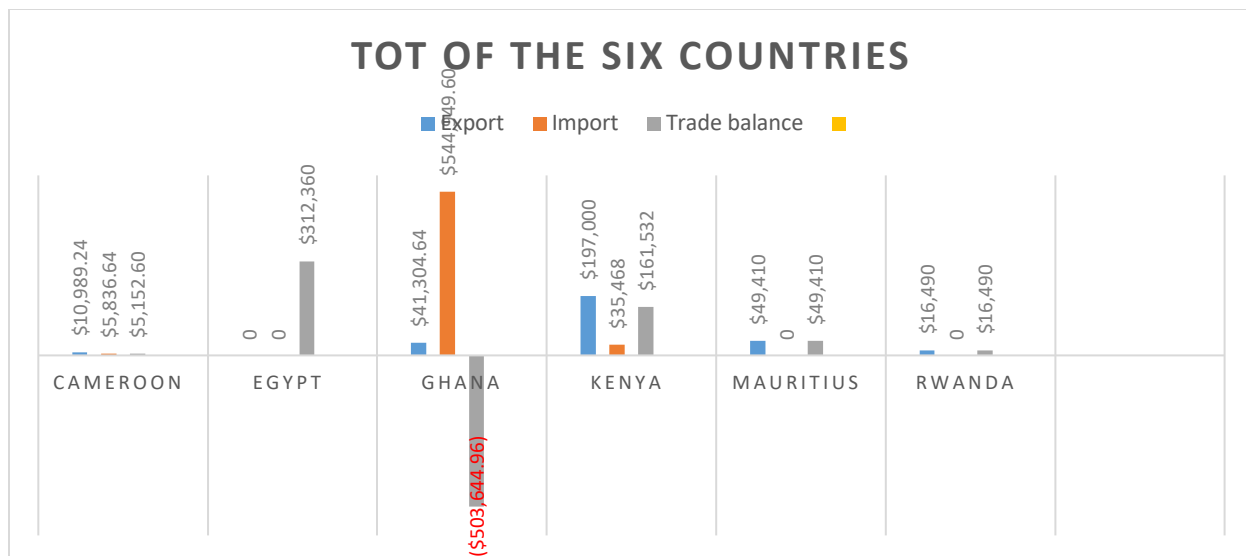


1.2.2 Bilateral trade flow

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 its exports valued at \$10,989.24 and its imports 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 \$312360, \$49,410, and \$16,490 respectively. Ghana imports from Egypt, Mauritius, and Rwanda without any imports 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 \$161532 from Kenya and \$16490 from Rwanda. The middle Africa region is with trades from Cameroon with a total export of \$10,989.24 and total import valued at \$5,836.64, hence TOT (export-import) valued at \$5,157.6. The GDP of Cameroon in 2022 is \$44342 million, while its TOT is -\$1900 million. The contribution of the total Cameroon TOT to GDP is negative, although AfCFTA contributes positive amounts of \$5157.6 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 \$476748 million of Egypt's 2022 GDP and -\$36481 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 Egyptian 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 \$2613

million, although it is highly impacted by the AfCFTA TOT negative effect. In addition, the AfCFTA TOT impacted the Ghanaian GDP, which is \$72839 million in 2022.

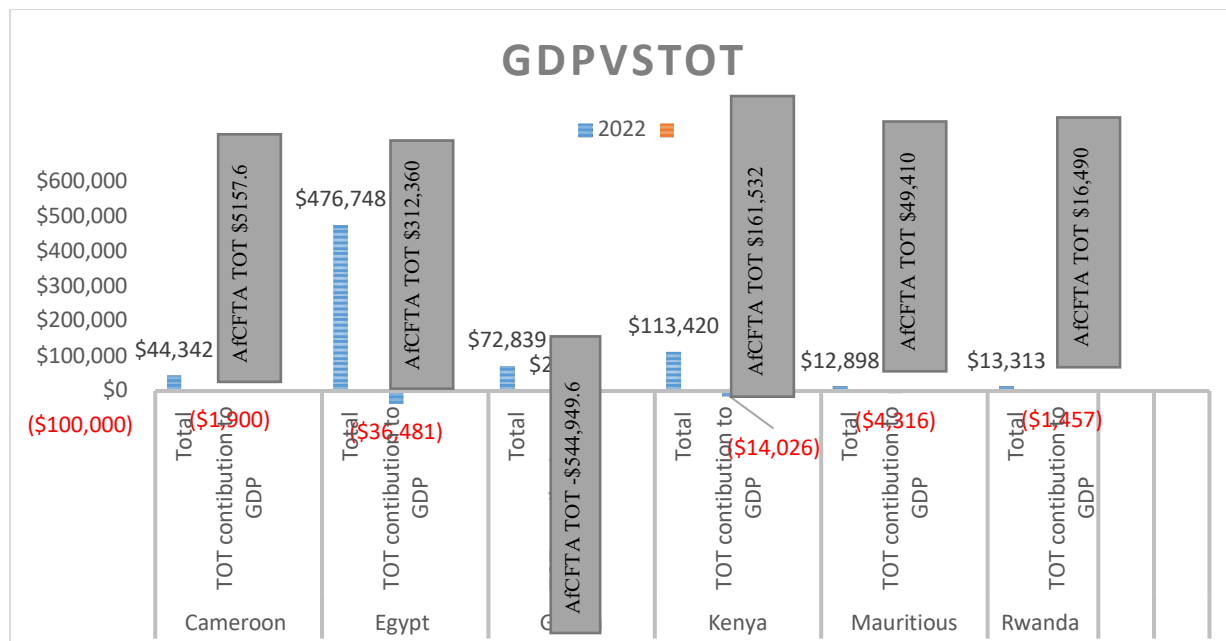
The South region, which is represented by Mauritius valued at TOT of \$49,410 with only the export value, as Mauritius didn't import products under the AfCFTA. The TOT contributes to their GDP of \$12,898 million and -\$4316 million of their total TOT in 2022. However, the AfCFTA TOT contribution, which 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 \$161532, 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 pearl 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 \$113420 million, and its total TOT, which is negative \$14026 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 concerning 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, although 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.