There are no translations available.

An article published on the website of the Institute for Security Studies (ISS) points out that despite the signature and ratification of the AfCFTA has been achieved in record time (currently 44 out of 55 African Union members have deposited their instruments of ratification with the Chair of the African Union Commission) and despite the number of initiatives launched to sensitise the private sector on the AfCFTA benefits and to sustain the implementation of the Agreement, to date no commercially significant trade has yet occurred under the deal since its launch on 1 January 2021. As a consequence, no substantial results have been achieved so far in terms of increase of intra-African trade.

On the other hand, Africa keeps trading massively with extra-regional markets, in a proportion, compared to inter-African trade - that is almost 9 to 1 . There is a reason for that. African traders generally prefer to export to third countries instead than to other African States because trade transactions with the first ones are easier to arrange and also cheaper. Easier because regulation, standards and requirements for exporting to third countries (especially industrialised economies like the US, the EU, the UK, Japan or Canada) are more easily accessible, with the consequence that costs and delivery times to these markets are largely predictable, with less risks of incurring in unplanned “hidden costs” capable of eroding the exporters’ profits. Cheaper, because it is less expensive to export to such markets than to other African countries, due to the infrastructure gaps, the high costs of transport and financial transactions and the red tape at borders. In this article, for instance, a Ghana trader declares: *“I have to ship an item to the US... it costs $25, but if I have to ship the same item to Uganda, it costs $60"*. In this other video recently realized by UNDP, another Ghanaian trader declares that sending products to the UK is actually cheaper than shipping them in Burkina Faso. The main culprit are the overland transport costs, which most of African exporters indicate as absorbing a great share of their export earnings and contributing to increase the final price of their products when sold in the continent.

However, an important achievement was the launch in the second half of 2022 of the “ Guided Trade Initiative ”, which was the occasion to test some trial shipments under the AfCFTA rules.

The AfCFTA is in motion, argues the ISS article, but its success must not be taken for granted. In this post we raised the concern that after the initial enthusiasm in adopting the AfCFTA agreement, some governments can delay its operationalization by becoming cautious, which typically happens each time they realise, based on worries generally raised by private sector stakeholders, that the risk to become net losers from the process of continental integration is high. That's why sensitisation and awareness campaigns addressed to the private sector are essential and initiatives aimed at keeping high the current level of commitment by African policymakers to the AfCFTA - such as as the Africa Prosperity Dialogues, aka "Kwahu Summit"- are so important. This is well summarized in a declaration made by a high representative of CEMAC a few years ago that after noting that Central Africa is one of the poorest regions in the world (and - we add - where most of companies are small, uncompetitive and with a low export-orientation), she declared *"We are going to have a big continental market in Africa, so it is very, very important for us to protect ourselves" … "You know, when we have a big continental free trade area, there is going to be a lot of foreign products coming, so we have to protect our industries, we have to protect our people, we have to protect our market…".* In this other article, a South Africa's producer of coatings warned the government that the future existence of the sector will be threatened by allowing African paint, polymers and coatings producers to export products into the country duty-free in terms of the AfCFTA agreement.

The risk of protectionist drifts and of resurgence of economic nationalism are still strong in Africa, as witnessed by the number of border closures and import restrictions that are still common in many African States .

The experience of the East African Community (EAC) offers insights into the processes guiding the rise and fall of regional integration efforts, as indicated in this old report by the Kiel Institute of World Economics. The report notes that Kenya, Uganda and Tanzania started a regional integration process already in 1967, when the East African Community was established for the first time, as in this period they already had a common tariff, harmonized taxes, a monetary union, and common services. But after that Kenya emerged as the primary industrial center in the region, Tanzania and Uganda realised that the integration process was unbalanced, and that the lack of competitiveness of their manufacturing sectors was turning them in net importers of Kenyan products. Consequence: the two countries lost their commitment to the Community, which led to the collapse of the EAC in 1977.