WTO CHAIRS PROGRAMME

WCP Virtual International Conference on **International Trade and Investment (ICITI2022)**

Special Theme:

'AfCFTA:Challenges and Opportunities'

AfCFTA

Creating One African Market

7-8 September 2022

Special Theme:
'AfCFTA: Challenges and Opportunities'

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PREFACE

The signing of the African Continental Free Trade Area (AfCFTA) agreement in March 2018 represented a milestone on the road towards achieving the longstanding goal of closer African economic and political integration. With 54 signatories and a population of over 1.3 billion people (with a combined GDP of around $3.4 trillion), this agreement has been described as the largest trade agreement in terms of member states and population since the formation of the World Trade Organization (WTO). According to the International Monetary Fund (IMF 2019), under the AfCFTA: "the elimination of tariffs on intraregional trade is estimated to [further] increase trade in the region by about 15-25 percent over the medium term, whereas reducing non-tariff barriers by half would more than double such effects". Thus, despite the fact that the share of Africa's intra-continental trade flows in global trade has remained low, intra-African trade and investment have great growth potential; yet there are still some related challenges.

The WTO Chairs in the African region organised a virtual International Conference on International Trade and Investment, with a special conference theme of 'AfCFTA: Challenges and Opportunities'on the 7–8 September 2022. The organising and participating WCP included the University of Mauritius (Mauritius), North-West University (South Africa), University of Tunis (Tunisia), University of Nairobi (Kenya), Université d'Abomey-Calavi (Benin), Cheikh Anta Diop University (Senegal), University of Rwanda (Rwanda); Cairo University (Egypt), National University of Lesotho (Lesotho), University of Yaounde 2 (Cameroon), Université Mohammed V Rabat (Morocco) and Addis Ababa University (Ethiopia).

The conference aimed at providing a forum not only to academics working on issues related to Africa and developing countries but also to policymakers from the region who could discuss and deliberate on the implications, benefits, challenges and opportunities of the AfCFTA. The conference organisers received more than 30 papers from Kenya, South Africa, India, Benin, Mauritius, UK, Rwanda, Cameroon, USA, Tunisia, Poland, EU and Morocco. A doctoral colloquium preceded the conference and 11 papers were presented by doctoral students of the region. The papers included conceptual, empirical research and country-specific case studies in line with the conference theme as well as other trade-related issues in Africa.

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Part 1

1.1

Doctoral Colloquium

Extended Abstracts

COMPETITION LAW APPROACHES TO MERGERS AND ACQUISITIONS POST-AfCFTA

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ABSTRACT

Africa has not had the finest history with the enforcement of competition law and policy. However, significant progress has been made in the course of the last two decades. This has been driven in large part by a welfarist approach to competition policy in favour of the consumers.

As Africa continues to move towards deeper economic integration, the need for an effective competition policy to drive economic growth and development is heightened. As is the case with a well-designed competition policy, the AfCFTA competition protocol is expected to ultimately promote consumer welfare by regulating the competitive practices of businesses on the continent. This goal can only be achieved by designing a regulatory and policy framework that seeks to prevent business practices that are restrictive in the bid to ensure that consumer welfare is protected.

As the AfCFTA moves into the second phase of negotiations, the competition policy of Africa will become one of the three topical issues in conversations on economic integration on the continent. With the diverse and sometimes overlapping competition regimes on the continent, it is expected that the negotiation on a competition protocol is to harmonise the competing legalregimes and state the relationship between the RECs and the proposed AfCFTA framework.

Within the context of big business and the intra-African, cross-border mergers and acquisitions deals that will be happening in Africa post-AfCFTA, it is important to cursorily review what the approach to competition law and policy would be on the continent. This paper shall analyse the existing framework within the continent against the backdrop of the phase two negotiations on competition policy within the AfCFTA framework. This paper shall also analyse the approach taken in other jurisdictions such as the EU to regulating competition in mergers and acquisitions.

GREENING THE AfCFTA: LEGAL LEVERS AND LIMITATIONS

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ABSTRACT

Africa's urgent need for economic development, in part due to the current and worsening effects of climate change on its economy, is what spurred the 2019 African Continental Free Trade Area (AfCFTA), the largest regional free trade area in the world. It is anticipated that AfCFTA's implementation will transform the entire African continent; studies suggest it will increase intra-African trade by 52.3%, add US$450bn to its income by 2035, and expand its economy to US$29trn by 2050. In a world striving to attain sustainable development objectives in the context of a climate emergency, international trade agreements need to be examined through an environmental lens given that previous research shows greenhouse gas emissions increase hand in hand with free trade.

This begs the question: how can AfCFTA be harnessed into a tool that boosts economic growth in an environmentally sustainable manner? This matters as although the entire African continent only produces less than 5% of global carbon dioxide emissions, it is gravely affected by the adverse effects of climate change. Research identifies numerous opportunities for boosting climate-friendly trade flows, the most relevant of which could be incorporated into AfCFTA through a climate waiver or additional protocol dedicated to the environment.

TUNISIA'S EXPORT DIVERSIFICATION UNDER THE AfCFTA – ILLUSTRATED BY SELECTED EXAMPLES

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ABSTRACT

This work identifies new and expansion export opportunities for Tunisia, targeting the African markets. The basic assumption is that factors of production can be reallocated from one product to another. However, there are many constraints that make their redistribution costly. The idea is to go through a diversification path while growing the amount of skills and knowledge available gradually to reduce the cost of acquiring additional productive capabilities. A combination of TRADE-DSM and the product space approaches is used to identify and rank the products that open up paths for future diversification. The latter is at the forefront of policy discussions. The existing literature provides some evidence that diversification can bring both growth and stability payoff. It can reduce countries' dependence on natural resources dominance or depletion of resources or dependence on demand from few trade partners. Economic diversification increases resilience to shocks by providing access to new markets and new products. This chapter brings empirical evidence to help countries and businesses to make well informed decisions. The results show almost 800 different HS-6 digits products in which Tunisia is able to develop comparative advantage in the future, taking into account external factors that may represent barriers to entry into the potential target markets. These products belong mainly to the machinery, electronics, and transport equipment sector, followed by textiles, apparel, leather and footwear. Among them 35 are not at all exported by Tunisia. Most opportunities are located in western and eastern Africa.

Keywords: intra-African trade, Tunisia, TRADE-DSM, product space, diversification, productive knowledge

ASSESSING TRADE OPPORTUNITIES FOR INDIA AND SOUTH AFRICA

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ABSTRACT

India and Africa share a historical partnership since the 1920s opposing colonial rule, from India raising its voices in favour of African decolonization at the United States to sharing their resources under the banner of south-south cooperation. India's economic engagement with Africa began intensifying in the 1990s. South-South cooperation (SSC) has been the main driver for increased trade between India and Africa (Priyadarshi Dash, 2014). Trade between India and South Africa has transcended the 10-billion-dollar target set by the two countries' leaders, Consul General Anju Ranjan announced on India's 73rd Republic Day. (Business Standard, 2022). The several remarkable marks of flourishing trade result from the potential of trade arising from the trade agreements, especially SSC. (Kareem, 2012; Kareem and Kareem, 2011). One such trade agreement is African Continental Free Trade Area established in 2018 by African Continental Free Trade Agreement. AfCFTA is the largest free trade area formed to date with 43 parties involved and 11 signatories. Specifically, this study assesses India South Africa Trade and aims at identifying the potential opportunities available that could facilitate trade increment between both nations by analyzing the trade pattern over the last 7 years.

For the purpose of identifying the potential products that can improve the trade statistics of India and South Africa, international trade data between the nations for the time period 2015-2021 has been collected using the following sources:

1. Ministry of Commerce and Industry (commerce.gov.in)
2. UN COMTRADE (trademap.org)
3. Directorate General of Commercial Intelligence & Statistics (dgciskol.gov.in)

3 sets of data have been collected from the mentioned sources which are:

1. Trade between India and South Africa
2. Trade between India and World
3. Trade between South Africa and World

India’s export data and South Africa’s import data at 2 Digit HS Level have been collected to identify the products in which India has the potential to export and South Africa has the potential to import but India is not able to tap the share of South Africa’s import market. Likewise, India’s import data and South Africa’s export data at 2 Digit HS Level have been collected to identify the products in which India has the potential to import

and South Africa has the potential to export but South Africa is not able to tap the share of India's import market. For the purpose of data analysis, the collected data has been organized on the basis of their HS Code. The percentage share of India's exports to South Africa in South Africa's total imports from the World for the year 2021 was calculated using the formula-

[India's exports to South Africa (2021)/South Africa's imports from the World (2021)]*100

Also, the percentage share of India's imports from South Africa in India's total imports from the World for the year 2021 was calculated using the formula-

[India's imports from South Africa (2021)/India's imports from World (2021)]*100

A particular product identification criterion was adopted for both India's export to South Africa and India's imports from South Africa. The criteria for the category are stated below:

<u>India's export to South Africa:</u>

-India's exports to South Africa should be more than US$ 10 million.

-South Africa's imports from World & India's exports to World should be more than US$ 100 million.

-The percentage share of India's exports to South Africa in South Africa's total imports from the World for the year 2021 should be less than 10%.

<u>India's imports from South Africa:</u>

-India's imports from South Africa should be more than US$ 10 million.

-South Africa's exports to World & India's imports from World should be more than US$ 100 million.

-The percentage share of India's imports from South Africa in India's total imports from the World for the year 2021 should be less than 10%

The top 10 products identified in which India has huge potential to export and South Africa has the capacity to import are listed in the table below-

HS Code	Product Name	India's exports to South Africa	South Africa's imports from World	India's exports to World	% share of India's export to South Africa's import
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes.	1137.58	15454.67	56400.64	7.36
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof.	277.29	11300.03	24165.78	2.45
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	253.39	8629.18	18836.21	2.94
39	Plastic and articles thereof.	114.21	2925.31	8555.16	3.90
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	45.57	2215.27	3912.88	2.06
38	Miscellaneous chemical products.	78.91	1973.80	6473.71	4.00
29	Organic chemicals	111.42	1720.42	21184.11	6.48
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes.	59.18	1604.04	2409.66	3.69
71	Natural or cultured pearls, precious or semiprecious stones, pre.metals, clad with pre.metal and artcls thereof;imit.jewelry; coin.	96.08	1488.38	38155.14	6.46
40	Rubber and articles thereof.	53.95	1389.17	4451.96	3.88
Total		**2227.58**	**48700.26**	**184545.25**	**4.57**

Discussion & Conclusion

It was found that some commodities have a very high potential to be sold while South Africa has the same capacity to import, and some commodities have a high potential for trade. The following commodities possess very high potential with them- a)Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof, b)Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts, c)plastic and articles thereof, d)optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof, e)miscellaneous chemical products, f)inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes, g)rubber and articles thereof, while the following commodities possess high potential with them- a)natural or cultured pearls, precious or semiprecious stones, pre.metals, clad with pre.metal and artcls thereof;imit.jewelry; coin, b)organic chemicals, c)mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes.

The top 10 products identified in which India has the capacity to import and South Africa has the huge potential to export are listed in the table below-

HS Code	Product Name	India's imports from South Africa	South Africa's exports to World	India's imports from World	% share of South Africa's export to India's import
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	3346.83	6878.87	1 52672.23	2.19
71	Natural or cultured pearls, precious or semiprecious stones,pre.metals, clad with pre.metal and articles thereof; imitation jewellery; coin	5117.25	19956.37	58908.09	8.69
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	106.73	4922.38	44479.05	0.24
29	Organic chemicals	97.16	1057.59	20533.32	0.47
72	Iron and steel	92.23	3967.28	11800.16	0.78
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes.	52.20	904.11	6811.32	0.77
76	Aluminium and articles thereof.	45.21	1610.55	4600.31	0.98
89	Ships, boats and floating structures.	268.56	176.14	4508.04	5.96
8	Edible fruit and nuts; peel or citrus fruit or melons.	49.53	3823.56	3074.99	1.61
25	Salt; sulphur; earths and stone; plastering materials, lime and cement.	81.97	421.14	2731.26	3.00
	Total	9257.67	4 3717.98	3 10118.78	2.99

It was observed that some commodities have a very high potential to be purchased while South Africa has the same capacity to export, and some commodities have a high potential for trade. The following commodities possess very high potential with them- a)mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes, b)nuclear reactors, boilers, machinery and mechanical appliances; parts thereof, c)organic chemicals, d)iron and steel, e)inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes, f)aluminium and articles thereof, g)edible fruit and nuts; peel of citrus fruit or melons, h)salt; sulphur; earth and stone; plastering materials, lime and cement, while these two commodities carry high potential with them- a)ships, boats and floating structures, b)natural or cultured pearls, precious or semiprecious stones, pre. metals, clad with pre. metal and articles thereof; imitation jewellery; coin.

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TRADE FACILITATION AND PARTICIPATION IN GLOBAL PRODUCTION NETWORKS

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ABSTRACT

This paper examines the effect of trade facilitation on trade and precisely on Global Production Networks (GPNs). We use a gravity model of trade for a cross-section of countries over the period 2006-2018. The main purpose is to shed some light on whether the effect of maritime connectivity and border procedures on trade in final goods and trade in intermediate inputs vary by sector. Results prove that maritime connectivity matters for trade under GPNs. In particular, exporting intermediate goods is highly encouraged by more efficient maritime routes which connect various participants of Global Production Networks (GPNs). Furthermore, shipping goods without delays, low costs, and simpler procedures are key elements of participation in GPNs. We find that a good performance in trading across borders measures strengthens trade and GPNs. This demonstrates that trade is responsive to trade facilitation components. Finally, the analysis for manufacturing and agricultural sectors of GPNs helps to discern which sectors are more affected by cross-border reforms and reveals that maritime connectivity matters more for imports of finished goods in agricultural sectors and imports of intermediate goods in manufacturing sectors. Thus, importing manufacturing intermediate goods is immensely encouraged by new maritime lines. Findings prove that higher trading across borders factors enhance trade and GPNs participation in manufacturing sectors.

Keywords: Global Production Networks, trade facilitation, intermediate inputs, gravity model, intra-national trade.

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REGLES D'ORIGINE, INFRASTRUCTURE ET FACILITATION DES ECHANGES DANS LA ZLECAF

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ABSTRACT

Résumé

La création de la ZLECAF, telle qu'a été envisagé par les ancêtres fondateurs panafricains, constitue l'ancrage de l'intégration régionale de l'une des plus vastes zones de libre-échange au monde depuis la création de l'OMC en 1994. S'agissant d'une initiative prioritaire de l'agenda 2063 de l'Union Africaine, ZLECAF (ZLEC, ZLECA , ZLECAf ou AfCFTA, African Continental Free Trade Area Agreement) est une avancée décisive vers l'aspiration à l'intégration régionale et le développement de l'Afrique, ainsi que la création d'un marché continental unique pour les biens et services fabriqués dans le continent, et des quatre libertés, à savoir, la libre circulation des biens, des services, des capitaux ou des investissements, et des personnes … au niveau du continent , ceci à travers l'instauration de nouvelles pratiques commerciales et la libération progressive et ordonnée des barrières douanières au commerce. Notons que ce dynamisme envisagé ne pourrait être réalisable qu'en actionnant à la fois les leviers tarifaires et non tarifaires, ces derniers constituent un obstacle pour tirer parti de l'élimination progressive des barrières douanières, et opérationnaliser la ZLECAF. Il s'agit d'un passage obligé vers une union douanière africaine ayant deux grands avantages, développer et industrialiser l'Afrique dans son ensemble, et pour préparer l'espace commercial prévisionnel africain aux accords méga -régionaux avec les mêmes termes pour un seul Afrique, une seule industrie avec des parties de partout dans le monde.

Dans cette optique, ce sont les règles d'origine, qui constitueront le pivot devant conforter le processus d'intégration régionale. Il s'agit de la manière dont elles seront conçues, mises en œuvre, et contrôlées, qui aura un impact déterminant sur le degré de libéralisation préférentielle, d'intégration régionale et de la restructuration de la chaine de valeur africaine.

A travers cette contribution, nous essayerons de se focaliser sur les règles d'origine, considérés comme le mécanisme régulateur des critères permettant de déterminer que le produit est « made in Africa », à travers un Certificat d'Origine, tout en satisfaisant un certain dosage et proportion du produit d'origine et/ou d'ouvraison africains, en tenant en considération la forte hétérogénéité d'un état ou d'une sous-région à l'autre et du contexte africain en général, chose qui impactera la répartition des revenues et le développement industriel du continent.

MOTS CLES : ZLECAF, libre échange, règles d'origine, barrières tarifaires et non tarifaires, Afrique

ABSTRACT

The creation of the AfCFTA, as envisaged by the pan-African founding fathers, is the Anchor for regional integration of one of the largest free trade areas in the world since the creation of the WTO in 1994. As a priority initiative of the African Union's Agenda 2063, ZLECAF (ZLEC, ZLECA, ZLECAf or AfCFTA, African Continental Free Trade Area Agreement) is a decisive step towards Africa's regional integration and development aspirations, as well as the creation of a single continental market for goods and services produced in the continent, and the four freedoms, namely, the free movement of goods, services, capital or investment, and people... at the level of the continent, through the introduction of new trade practices and the progressive and orderly liberalisation of customs barriers to trade. It should be noted that this envisaged dynamism could only be achieved by activating both tariff and non-tariff levers, the latter being an obstacle to taking advantage of the gradual elimination of customs barriers, and operationalising the FTAA. It is a necessary step towards an African customs union with two major benefits, to develop and industrialise Africa as a whole, and to prepare the African trade space for mega-regional agreements with the same terms for one Africa, one industry with parties from around the world.

In this respect, it is the rules of origin, which will be the linchpin to underpin the regional integration process. It is the way in which they are designed, implemented and monitored that will have a decisive impact on the degree of preferential liberalisation, regional integration and the restructuring of the African value chain.

Through this contribution, we will try to focus on the rules of origin, considered as the regulatory mechanism of the criteria to determine that the product is "made in Africa", through a Certificate of Origin, while satisfying a certain mix and proportion of the product of African origin and/or workmanship, taking into consideration the strong heterogeneity from one state or sub-region to another and of the African context in general, which will impact on the distribution of revenues and the industrial development of the continent.

KEY WORDS: ZLECAF , free trade, rules of origin, tariff and non-tariff barriers, Africa

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AfCFTA: AN OPPORTUNITY IN THE LIGHT OF MANY HURDLES: THE CASE OF ECOWAS

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ABSTRACT

The African Continental Free Trade Area—AfCFTA agreement will create a major free trade area (FTA) in the world, connecting 1.3 billion people across 55 countries with a collective gross domestic product (GDP) valued at US$3.4 trillion. Thirty million people are expected to be lifted out of extreme poverty if significant policy reforms and trade facilitation measures are adopted.

Studies have shown the positives of AfCFTA. Nonetheless, there are challenges potent enough to upend the benefits of Africa's FTA. The resolve of this paper is to identify some of the several potent challenges the AfCFTA is facing in the ECOWAS trade bloc and objectively proffer policy advice that could assist the FTA to succeed in this Regional Economic Community (REC).

With approximately USD 600 billion GDP and a significant migration flow, ECOWAS stands as one of the most dynamic RECs. In 2016, the region posted approximately USD 11 billion in trade value.

Some of the identified barriers revealed in this study were non-cooperative policy directives among member states of the ECOWAS bloc, internal conflicts and unrests causing boundary restrictions, non-tariff barriers, and poor intra -inter infrastructural capacity among member states.

For AfCFTA to work in the ECOWAS trade bloc, it must adopt working processes from other successful FTAs to achieve its set objectives. Such mechanisms include competition policies, the rules of origin principles, and improved intra-African investments and promote industrial development, resist external abuse from the dumping of goods by creating conditions for increased manufacturing capacity, coordination of trade and tariff policies, planning critical enabling infrastructure, and identifying sources of low-interest capital needed to fund industrial production.

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THE IMPACT OF COVID-19 ON AFRICAN CONTINENTAL FREE TRADE AGREEMENT IMPLEMENTATION AND EFFECTIVENESS

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ABSTRACT

The outbreak of the COVID-19 pandemic came at the crucial period when the protracted African Continental Free Trade Area (AfCFTA) agreement signed and launched. The pandemic hindered the implementation of the agreement due to the stringent movement restrictions put in place to curb the global disease. Consequently, this paper analysed the impact of the disease on the AfCFTA agreement and effectiveness. The paper used trade data from UNCTAD from 2015 to 2021 to analyse the trade patterns prior to the AfCFTA agreement and COVID-19 outbreak and afterwards. Qualitative research approach was adopted. It was shown that following the implementation of the AfCFTA agreement, intra-African trade improved significantly. There were considerable increases in intra- and inter-regional trades. However, the share of extra-African trade in total trade was still relatively high due to delay in the full implementation and effectiveness of the AfCFTA agreement because of the COVID-19 pandemic. It was also observed that the negotiations of key aspects of the agreement and the activities of the AfCFTA such as the second biennial trade fair were stalled due to the outbreak. Therefore, the paper recommends that the African Union should leverage on the effects caused by the pandemic to strengthen their institutional framework to facilitate a seamless implementation and effectiveness of the AfCFTA agreement. They can leverage the improved internet connectivity on the African continent to enhance trade negotiation and drive-up volumes of trade transactions within Africa.

Keywords: *AfCFTA agreement, COVID-19 pandemic, African Union, Trade*

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CAN GENDER EXPLAIN EXPORT EFFICIENCY? EVIDENCE FROM CROSS-COUNTRY SURVEYS

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ABSTRACT

We offer conflicting results on the study's central question, "Can gender explain export efficiency?" Utilizing cross-country survey datasets from Kenya, Mauritius, and South Africa compiled by the World Bank, and employing both the Cragg hurdle model and stochastic frontier analysis, we document that, opportunities permitting, gender, on its own, is not a significant predictor of either export propensity, intensity, or efficiency. Experienced female top managers, however, significantly boost the chances of firms being export-oriented. Export propensity is, furthermore, strengthened by female representation among the firm's owners. Last, we contextualize export participation and performance within the Africa Continental Free Trade Area (AfCFTA). To this end, we establish that, although the reported obstacles ranged from minor to moderate on average, they significantly enhanced export propensity but eroded the incentives for firms to raise the value of exports. We recommend the establishment of inclusive managerial boards that are gender sensitive, the retention of female top talent, and the incorporation of experienced females in top-level management without sidelining males. In addition, we recommend that African governments fast track AfCFTA in lifting trade restrictions and elimination frictions to production and trade.

Key words: AfCFTA, barriers to trade, export efficiency, top manager's gender

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ANALYSIS OF AfCFTA THROUGH PORTER'S DIAMOND FACTOR MODEL

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ABSTRACT

The ratification of the AfCFTA trade agreement presents one of the major milestones offering Africa another chance to re –write its development narrative. The agreement is an opportunity to fulfill the aspirations of Pan Africanist founding fathers' ideals and ethos whose vision was a united continent, which cooperates in different facets to better the lives of inhabitants of the continent. For a continent with 1.3 billion people and over USD 3.4 trillion-combined GDP for the 54 states besides a ballooning generation of millennials, there are exciting possibilities to transform Africa into a jewel. Benefits of the trade agreement will however only accumulate to member states if the bloc is competitive within as well as against the rest of the world. The main objective of this conceptual paper is to analyse AfCFTA through the lens of Porter's Diamond Factor Model. This study uses the theory as an analytical tool to dissect through the anatomy of the trading bloc to understand the competitive landscape of the member states. Through the framework, this paper will highlight in particular the challenges as well as opportunities embedded in the continent. In this study, we will also show the importance of the role of governments across the bloc in enabling creation of the competitive advantage of the respective nations as required by the model so as to unlock latent value in the member states. The study will also recommend key points as informed by the findings through Porter's framework to enhance competitiveness of the member states.

***Key Words**: AfCFTA, Competitive Advantage; Diamond Factor Model; GDP*

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Part 2
Proceedings of the ICITI 2022
2.1 Extended Abstracts

SUSTAINABLE AGRICULTURAL COMMODITY CHAINS IN AfCFTA: WILL VOLUNTARY SUSTAINABILITY STANDARDS SUFFICE?

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ABSTRACT

Sustainable agricultural commodity chains entail production and trade that is economically viable, socially equitable and protects the environment. Voluntary sustainability standards are a key driver of sustainable agricultural production and trade.

Agricultural trade comprises more than 20 percent of Africa's GDP, with exports estimated at more than $35 billion. Agriculture is also the key source of livelihood for the majority of rural populations, particularly in low-income countries. Africa is however, a net importer of food, despite having 60 percent of the world's unused arable land, and intra-African agricultural trade accounts for less than 20 percent of Africa's agricultural trade.

AfCFTA's aim of increasing intra-African trade would entail an increase in agricultural production and in value addition of agro-commodities within the continent. This presents challenges and opportunities pertaining to sustainability.

A major sustainability challenge to increased intra-African agricultural trade is that voluntary sustainability standards are often driven by consumer demand, which is not consequential in Africa.

AfCFTA however provides an opportunity for Africa to set its sustainability agenda, with a focus on sustainable resource use, enhanced livelihoods particularly for small-scale farmers and an increase in incomes through value addition.

This paper maps the key agricultural commodities in Africa's global and continental trade, the sustainability standards pertaining to these commodities, and their efficacy within the AfCFTA.

This will provide information for further discourse on sustainability standards, including their potential to act as a non-tariff barrier or as a disincentive for small-scale farmers.

DEFICIENCIES IN THE ROAD INFRASTRUCTURE IN THE SUB-SAHARAN AFRICA: STUMBLING BLOCK FOR AfCFTA

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ABSTRACT

Adequate infrastructure is a pre-requisite for the growth in trade and commerce. Availability of adequate and efficient infrastructural set-up not only improves the quality of life of the people but also promotes rapid industrialization. Infrastructural development is an integral part of Sustainable Development Goal 9 (SDG9), which is one of the 17 Sustainable Development Goals adopted by the United Nations General Assembly in 20
Sub-Saharan Africa consists of 46 countries with a land area of 21.24 mn sq km. It is a market of 1.4 billion people and an estimated GDP of US$ 1.92 trillion in 2021. (World Bank National Accounts Data, 2021). Sub-Saharan Africa is a constituent of the African Continental Free Trade Area (AfCFTA) agreement, which aims at enhancing intra continental trade and thus securing economic integration of Africa. However, Sub-Saharan Africa ranks at the bottom of all developing regions in virtually all dimensions of infrastructure performance (World Bank, 2017).

The transport sector of Sub-Saharan Africa, primarily consists of roads in most of the countries, catering to 80- 90 percent of passenger and freight traffic. Sub-Saharan Africa's road network comprises strategic trading corridors of not more than 10,000 kilometers that carry about $200 billion of trade annually. The road access rate is only 34 percent, compared with 50 percent in other parts of the developing world, while transport costs are exorbitantly high. Most rural areas of Africa completely depend on roads for connectivity. In spite of this, the density of the road network, for both per person and per square kilometer of land area, is much lower in Africa compared to other regions. Lack of proper and regular maintenance and upgrades resulted in depletion of the bulk of road surfaces. Only 0.8 million km out of the total 2.8 million km road network in Sub-Saharan Africa is paved. Out of the total paved roads, only around 50 percent are in good condition. Insufficient funds for maintenance of existing roads further accelerate the deterioration of the road network in the region, leaving many roads in poor condition.

Many studies have found a positive relationship between transport infrastructure and economic growth. Bad roads cause delays and crashing of vehicles that are carrying raw materials from their source of supply and finished goods to places of consumption, and this could result in potential loss on investment and reduced profitability.

However, the problem has been duly addressed in recent years; around 27 countries in Sub-Saharan Africa have allocated funds for building new roads and maintenance of existing roads. Furthermore, nearly 20 road agencies have stepped in for the sustainable management of road networks. In 2009, the 12th Assembly of the African Union adopted a Declaration inviting the African Union Commission to formulate the Programme for Infrastructure Development in Africa (PIDA) with a view to "take all appropriate measures to complete the missing sections in the major transport corridors and remove all physical and non-physical barriers to the development of inter-State transport in Africa" (African Union, 2009). East Africa is fast developing the trans-national road networks. The key transportation corridors in East Africa span 2,900 km connecting all five countries in the East African Community. The corridor approach would reduce the costs associated with cross-border trade as well as reduce the time required for moving goods across borders.

This paper highlights the magnitude of the problem of inadequacy of road infrastructure and the measures adopted by governments & development agencies in this direction. The paper also explores the strategies for building and expanding the road network in Sub-Saharan Africa, which can contribute to the success of AfCFTA and also fulfill the targets envisaged under Sustainable Development Goal 9.

THE IMPACT OF MEDIA ON AfCFTA IMPLEMENTATION AND EFFECTIVENESS: A CASE STUDY OF BBC NEWS CONCERNING AfCFTA

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ABSTRACT

In the contemporary society, mass media including; radio, newspapers, television and internet are significantly important in the constitutional life of a country or an intergovernmental body owing to their increasing influence over public policy-making processes. Scholars note that, mass media's effect on public policies include detecting of issues and setting the agenda for policy-maker. The public's attention to governmental and organizational matters moves in tandem with media coverage of these issues. This study aims to investigate the impact of media on implementation and effectiveness of policies and practices of the AfCFTA in African countries. This will be sort by answering the following questions: How has the BBC news altered the perception of leaders and citizens of African countries concerning the implementation of the AfCFTA promise? To what extent have the leaders and citizens attitude been affected by the information on BBC concerning the effectiveness of the AfCFTA promise? Finally, how has the African Union been confronted by information from media concerning the implementation of the AfCFTA promise? It will be guided by cognitive dissonance theory by Leon Festinger, which suggests that, when you have two good choices and you make your decision then you find yourself unsure or in doubt about the choice, you made, you might have to downplay the other choice in order to reassure yourself. This is what media does to many development choices hence altering perceptions of citizens and leaders therefore creating a dissonance that affects the implementation process. The research will adopt the descriptive research design. It with utilize secondary data from newspapers and broadcast news drawn randomly from publications by the BBC media house between January 2020 and June 2022.It will search for narratives that support or undermine the implementation process of the AfCFTA promise as well as narratives that confront the realities concerning the effectiveness of the AfCFTA promise. Data will be analyzed using content analysis to measure the different thematic areas. Results will be presented in a narrative form and conclusions drawn on the impact of media on AfCFTA implementation and effectiveness. Recommendations on how the African Union secretariat should work with media houses to enhance the implementation and effectiveness of AfCFTA will be given and conclusions drawn.

ECONOMIC INTEGRATION AND FOOD SECURITY – THE CASE OF THE AfCFTA

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ABSTRACT

The study assesses potential effects of the African Continental Free Trade Area (AfCFTA) on agri-food sectors and food security in Africa. It employs the dynamic global Computable General Equilibrium model MAGNET in an *ex ante* analysis. The analysis has high regional and sectoral detail, representing the wide variety of African economies and trade policy strategies. We consider several hypothetical tariff reduction scenarios that comply with the AfCFTA modalities: maximization of tariff revenues, liberalization of agri-food trade, promotion of industrialization and exploiting revealed comparative advantages. In addition, we assume a 50% reduction in NTMs in intra-African trade and 25% reduction in extra-African trade.

According to our results, the AfCFTA increases household incomes throughout Africa. Trade volumes increase significantly, especially in intra-African trade. The effects on food security are largely positive and the AfCFTA lifts 1.0 million people from risk of hunger while increasing national incomes throughout Africa. The rise in food prices offsets the increase in household income in a few regions. Food production increases in total, but several regions reduce production while increasing imports. Non-tariff measure reductions have significantly higher impacts than tariff cuts.

Keywords: *Trade Policy, Economic Integration, Food Security, Computable General Equilibrium Models*

IMPLICATIONS OF AFRICAN CONTINENTAL FREE TRADE AGREEMENT FOR EXPORT PROMOTION AND WELFARE IMPROVEMENT AMONG THE MEMBER COUNTRIES OF EAST AFRICAN COMMUNITY

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ABSTRACT

Introduction. Economic integration is seen as one of the key factors promoting the nation's long-term economic growth (Musabanganji et al., 2019). The benefits and costs of Regional Trade Agreements (RTAs) on net trade creation are the main points of attention for proponents of regional integration. The benefits of the RTAs are felt through trade liberalization, with a focus on removing trade obstacles that resulted in wasted resources and lowering the costs of market collapse. They also concentrated on the capital inflow that is anticipated to result in rising net trade gains (Matthews, 2003). Consequently, countries that join a regional economic agreement expect to benefit from the openness through the trade creation.

Countries must fully accept changes in food production, processing, and distribution settings if they are to gain from regional integration and globalization. This is made possible by the opening up of international trade, the lifting of limitations on the output and exchange of goods by local producers, and the decline in tariffs. As a result, domestic markets will improve, foreign direct investment will rise, and advanced technology will be adopted, which will encourage exports because of the cost reduction (Nene, 2012).It's also crucial to remember that preferential trade agreements had both positive and negative effects on commerce in emerging nations(Krugman et al., 2014). In addition, the RTAs facilitated the transfer of revenue from the poor to the rich and cost-maximized trade diversion (Matthews, 2003). A nation is more likely to have both an absolute and a relative advantage in the global market the more effectively and productively it is able to produce a given good (Afzal et al., 2018). This will demonstrate a country's superior ability to produce a good or service (Latruffe, 2017). Given all the benefits of RTAs, AfCFTA was created on March 2018 in Kigali, Rwanda by 44 out of 55 African countries, members of African Union (Songwe et al., 2021). All EAC member countries have so far ratified the AfCFTA agreement.

Objectives. This paper attempts to assess the implications of African Continental Free Trade Area (AfCFTA) for export promotion and welfare improvement among East African Community (EAC) member countries. It aims specifically (1) to identify the drivers and barriers to export promotion among EAC partner countries, and (2) to measure the implication of AfCFTA for welfare improvement among EAC member countries.

Materials and Methods. This paper used data from the World Development Indicators from 1997 to 2020 for 5 EAC member countries (Burundi, Kenya, Rwanda, Tanzania and Uganda). A panel data regression model was specified and estimated. Panel data models are very useful in econometric practice. They allowed us to select subject-specific variables, which account for heterogeneity; they also allowed dealing with more informative data, which led to more variability, less collinearity, a greater degree of degree of freedom, and greater efficiency; they enabled better effect detection and measurement; and they helped to minimize bias (Gujarati& Porter, 2010). A hausman test was conducted to select appropriately a panel data regression model: the estimated chi square is 52.81, while the corresponding p-value > chi square is 0.00. This implies that a fixed-effects estimation method provides more efficient estimates that a random effect estimation method, consequently, a fixed-effects regression model was estimated (Balgati, 2005; Hsiao, 2022). The study variables include export promotion and final consumption (a proxy of welfare improvement) as the dependent variables, while the main independent variable is a dummy variable specifying the initiation of AfCFTA (equals 1 since the staring year of AfCFTA ratification / implementation, and 0 if otherwise). The control variables are gross domestic product, foreign direct investment, exports, imports, openness (ratio of exports to GDP), gross domestic saving, as well as a dummy representing EAC membership for a specific year (equals 1 if country *i* is EAC member during the year t, 0 if otherwise).

Results. Econometric estimations point to the positive (but not significant) implication of African Continental Free Trade Area for export promotion among EAC member countries. Results also show that household consumption and gross capital formation affect negatively the volume of exports: the increase in in one of the variables leads to the decrease in exports. As for the welfare, research results highlight that the AfCFTA has a positive and significant implication for welfare improvement among EAC member countries since it enables the increase in final consumption. This implies that the household's final consumption increases, as the trade is getting freer progressively. It was also remarked that foreign direct investment, gross domestic product, imports, and gross fixed capital formation affect positively and significantly the welfare as they scale up the level of consumption of households among the EAC member countries.

Conclusion and recommendations. The implication of AfCFTA for export development and welfare improvement among EAC member countries was assessed. A fixed effects regression model was estimated and results point to the positive implication of African Continental Free Trade Area for export promotion as well as a positive and significant implications for welfare improvement among EAC member countries. Based on the results here above presented, it is recommended that all African countries should join AfCFTA and EAC member countries should create an environment conducive to foreign direct investments to attract investors from different regions all over the world. Besides, EAC member countries should multiply efforts to increase their gross domestic products, help the households increase their consumption, and select import items necessary for basic needs and/or producer goods.

Key words: export promotion, welfare, EAC, AfCFTA.

JEL classification codes: F02, F15

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WHAT ARE THE DISPUTE SETTLEMENT METHODS IN THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)?

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EXTENDED ABSTRACT

Based on the free movement of goods, services, people and investments, the AfCFTA is intended to contribute to the creation of the African Economic Community (AEC). But, as in any economic activity, the question of rules and procedures for dispute settlement arises.

In international economic law, dispute settlement refers to the institutional provisions, set out in a trade agreement, that allow for the settlement of disputes between the parties. These various provisions have undergone considerable development in recent decades.

The impetus for this development is Article 20 of the AfCFTA. This article provides for a mechanism to settle trade disputes between the contracting parties. It is an orderly and, above all, conventionalized system of dispute settlement.

However, the harmonization of the mechanisms is not without difficulty, and in this regard, this paper aims to answer the question of whether there is a real overlap between the dispute settlement mechanisms of the WTO and the AfCFTA.

The Agreement Establishing the AfCFTA gives pride of place to the issue of resolving disputes that may arise from its interpretation or application with respect to the rights and duties of members. In this regard, Article 20 of the AfCFTA establishes a dispute settlement mechanism to apply to disputes between members. This mechanism is based on a Protocol on Rules and Procedures for the Settlement of Disputes. In addition, at the institutional level, it establishes a jurisdictional body called the Dispute Settlement Body (DSB).

Thus, the objective of its Protocol to ensure that the process is transparent, fair, equitable, predictable and consistent with the provisions of the Agreement is intended to govern this mechanism. However, the AfCFTA dispute settlement system is only available to states, either as parties to the dispute or as third parties. Therefore, only states can participate directly. With the credo of stimulating intra-African trade, states are aware that the rules are of little value without a system in place to address issues of interpretation of the texts and to resolve resulting disputes, as WTO Members do.

Not only in the purely procedural aspect, but there are several substantial similarities with the WTO. Is the AfCFTA dispute settlement system based on the WTO model?

Several questions arise regarding the overlap of their respective mechanisms, but it is not possible to answer them. With this purpose in view, we will consider the criteria for the application of these mechanisms, with a particular focus on the AfCFTA. However, we will limit our analysis to the general dispute settlement procedure enshrined in Article 20 of the AfCFTA.

With specific reference to the AfCFTA

The Agreement establishing the AfCFTA gives unprecedented importance to the issue of the settlement of disputes that may arise from its interpretation or application in relation to the rights and duties of the contracting parties. Viewed in this way, Article 20 provides for and implements a dispute settlement mechanism, establishes the Protocol on Rules and Procedures for the Settlement of Disputes in General, and establishes an adjudicative body, namely the Dispute Settlement Body (DSB).

At the institutional level, parties may (optionally) refer to the DSB a disagreement concerning rights and duties in any area of the Agreement.

The DSB is composed of representatives of the members and has the power to establish dispute settlement panels and an Appellate Body (AB). The DSB is responsible for overseeing the implementation of panel and AB decisions and recommendations, as well as approving the suspension of concessions and other obligations under the Agreement.

At the procedural level, when a dispute arises, the Parties first resort to consultation procedures to find an amicable solution. In addition, the Parties may always resort to Good Offices, Mediation or Conciliation.

If no amicable solution is found, a party to the dispute, after informing the other parties to the dispute, shall refer the matter to the DSB through the President of the DSB and request the establishment of a panel to resolve the dispute in question.

The panel, in its capacity as a specialized investigating division, submits a report to the DSB, while respecting the general principles of procedural law.

According to Article 19 of the Procedural Protocol, "within sixty (60) days from the date of transmission of a panel report to the States parties, the report shall be considered, adopted, and signed at a meeting of the DSB agreed for that purpose, unless a party to the dispute formally notifies the DSB of its decision to appeal or the DSB decides by consensus not to adopt the report. If a party has notified its decision to appeal, the panel report shall not be considered by the DSB for adoption until the appeal process is completed. The decision of the DSB shall be final subject to the provisions of this Article. In addition, the panel report may be appealed to the DSB within thirty (30) days from the date of the communication of the State Party's appeal decision to the DSB.

Thus, a permanent Appellate Body (AB) will be established by the DSB. This body shall handle appeals concerning disputes referred to panels. Only parties to the dispute may appeal the Panel report. Third parties who have expressed a significant interest to the DSB may submit comments and be heard by the AB.

The appeal relates to matters of law referred to in the Panel Report and the legal interpretations made by the Panel. The report of the AB shall be adopted by the DSB and accepted unconditionally by the parties to the dispute, unless it is mutually agreed not to adopt the report of the AB within 30 days of its transmission to the parties to the dispute.

With respect to the implementation of DSB rulings, the parties undertake to implement the recommendations and rulings of the DSB. Failing this, recourse is made to compensation and suspension of concessions or other obligations as temporary measures. This is done at the request of the aggrieved party and continues until such time as the non-compliance with the Agreement or any other infraction is eliminated. This sanction also ends if the party concerned implements the recommendations or provides a remedy for the damage caused or occasioned by the non-compliance and a mutually satisfactory solution is found.

Similarly, the Agreement also includes provisions for arbitration procedures. The parties to the dispute may resort to arbitration on the basis of a mutual agreement on the procedure to be followed. On the other hand, parties referring a dispute to arbitration may not refer the same matter to the DSB. However, the arbitration agreement must be notified to the DSB. Moreover, where one party to a dispute refuses to cooperate in the settlement of the dispute by arbitration, the other party shall refer the matter to the DSB for adjudication, and the arbitral award shall be enforced in accordance with the Protocol's enforcement mutatis mutandis. Furthermore, in case of a divergence in the DSB's procedure, the DSB is authorized to resort to multiple arbitrations.

With regard to the WTO dispute settlement system

Thus, often considered one of the cornerstones of the WTO, the DSU establishes a unified dispute settlement system that applies to all WTO obligations. The DSU provides for a fair and effective process for the settlement of trade disputes between WTO members, and through this it seeks to maintain the effectiveness of all the rules agreed by the members.

We can identify in this procedure a first stage where the members themselves seek a solution to the dispute through consultations, and a second stage where a third party participates in the process to propose or give a solution involving the Dispute Settlement Body (DSB).

In any event, both the WTO Agreement and the AfCFTA provide for a common system of rules and procedures applicable to disputes, regardless of which legal instrument they fall under. Disputes arising under the WTO and the AfCFTA are of a legal nature as they concern the interpretation or application of the content of one or the other agreement.

With regard to the AfCFTA, taking into account the inclination of African states and following a so-called diplomatic mode, it is likely that they will limit themselves to the consultation and good offices stages provided for in Articles 7 and 8 of the Protocol on Rules and Procedures for the Settlement of Disputes, so as to avoid litigation and to lead the cases in question to reach the stage of panels, let alone that of the appellate body.

THE ROLE OF DIGITALIZATION IN IMPLEMENTING THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

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ABSTRACT

How to build capacities at implementing the AfCFTA is a key question that needs to be addressed, as more countries start formulating their National AfCFTA implementation strategies on the continent and as expectations mount in relation to reaping the perceived benefits of the AfCFTA. Capacity building is required at four levels:

(i) at implementing the various provisions contained in the Agreement establishing the AfCFTA and in its Articles and Annexes as well as monitoring progress towards implementation and identifying remedial measures.

This could be either through enforcing compliance with rules of origin and technical standards, monitoring tariffs and technical standards, monitoring tariffs phase-outs and reductions in non-tariff barriers. These are aimed at governments and its institutions

(ii) at implementing actions in policy areas that will drive the benefits of the AfCFTA, particularly economic governance, industrial, regional value-chains and SME development, trade and business facilitation, and financial services such as digital payment systems;

(iii) at facilitating sharing of information, data gathering and coordination across borders; and

(iv) at rendering the major actors of the process - that is the private sector and the ecosystem of enterprises - productive, innovative and acting as agents of regional structural change. Concurrently digitalization is fast becoming a lever for development, including for enhancing effectiveness in the delivery of development-related actions and augmenting productivity and competitiveness.

There are challenges nevertheless in harnessing digitalization fully for economic gains, even more so in Africa, a continent grappling with energy shortages, deficient infrastructure and a shortage of qualified IT professionals. While the potential of digitalization for promoting development in Africa is large, provided the digital infrastructure and digital skills are in place, the immediate interest at hand is to explore how digitalization can accelerate regional integration in Africa.

In particular, how to leverage digital technologies to build the required capacities for implementing the AfCFTA is an area that merits serious attention on the part of policy-makers and other stakeholders. Harnessing digital technologies to build implementation capacities in relation to the AfCFTA (at the four levels mentioned above) in Africa is an emerging area of research and technical assistance. The paper first analyzes the factors that could potentially constrain the potential operationalization of the AfCFTA, including an understanding of the risks underlying the implementation of the AfCFTA; and second analyzes how digitalization and the range of available digital technologies from the Third and Fourth Industrial Revolution could facilitate the effective implementation of the AfCFTA and address these risks so that the AfCFTA delivers on its promised gains which include boosting intra-African trade, creating jobs and promoting structural transformation. The paper ends with a set of policy recommendations on how to leverage digitalization to support the implementation of the AfCFTA.

THE ROLE OF TRADE AND INVESTMENT FACILITATION IN IMPLEMENTING THE AFRICAN CONTINENTAL FREE TRADE AREA: DRAWING LESSONS FROM COMESA

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ABSTRACT

Experiences from regional integration schemes in Africa and elsewhere have proven beyond reasonable doubt that the design, adoption and efficacious implementation of trade facilitation and investment facilitation measures has a positive bearing on boosting intra-regional trade, investment inflows, economic growth and development. Whilst trade and investment facilitation assists in creating a transparent, predictable and efficient legal, technical, regulatoryand administrative framework for sustainable trade and investments. With the AfCFTA expected to increase intra-African trade by around 40 percent, cut Africa's trade deficit by 51 percent, raise regional income by 7 percent, and lift 30 million people out of poverty by 2035; it is the effective implementation of the African Continental Free Trade Area (AfCFTA) Investment Protocol, the AfCFTA Protocol on Trade in Goods and the AfCFTA Protocol on Trade in Services by all AfCFTA members that is key in creating a single liberalized market for trade in goods, services and investment. The Common Market for Eastern and Southern African (COMESA) experience in implementing its trade and investment facilitation schemes such as the COMESA Common Investment Area (CCIA), COMESA Virtual Trade Facilitation System (CVTFS), regional customs transit schemes, one-stop border posts (OSBPs) programmes, Automated Systems for Customs Data (ASYCUDA), Single Window systems (SWs), Coordinated Border Management (CBM) Programme, non-tariff barriers reporting and elimination programme, and many others presents valuable lessons on how the AfCFTA can structure its trade and investment facilitation regulations, projects, programmes and plans. Using empirical analysis developed from COMESA practical policy programmes and projects, this paper examines the role of trade and investment facilitation in implementing the AfCFTA, with a specific focus on how the AfCFTA can borrow lessons on how COMESA has this far implemented its trade and investment facilitation agenda. The concepts of trade facilitation and investment facilitation provide conceptual lenses for analysis. Findings from this research are key in informing the discussions around the implementation of trade and investment facilitation measures and programmes within the AfCFTA.

Keywords: *trade and investment facilitation, AfCFTA, COMESA*

GREENING THE AfCFTA: IT IS NOT TOO LATE

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ABSTRACT

Environmental sustainability is a key component of Africa's Agenda 2063: The Africa We Want. Yet, the recently launched African Continental Free Trade Area (AfCFTA) contains only minimal references to the environment. This policy brief highlights various ways in which State Parties can strengthen the linkages between the AfCFTA and the environment, with a focus on concrete approaches and strategies. With respect to the AfCFTA protocols that have already been negotiated—including the Annexes on Technical Barriers to Trade, Sanitary and Phytosanitary Measures, and various Annexes on trade facilitation—strategic implementation can enhance the link between the AfCFTA and the environment. With respect to ongoing negotiations, including on tariff schedules and services concessions, as well as future negotiations on the Protocols of Intellectual Property, Investment, Competition and E-commerce, State Parties have the option of more clearly emphasizing the link between the AfCFTA and the environment. The policy brief also encourages the AfCFTA Secretariat to explore the possibility of adding a Protocol on the Environment and Sustainable Development.

(https://www.brookings.edu/wp-content/uploads/2021/09/21.09.15-Greening-the-AfCFTA.pdf)

THE NEXUS BETWEEN FEMALE-OWNED ENTERPRISES' SUSTAINABILITY AND EXPORT PROPENSITY

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ABSTRACT

The African Continental Free Trade Area (AfCFTA) is one of the most ambitious regional integration initiatives taking place in the world and the AfCFTA is a potential catalyst to strengthen productive capacity, build trade-supporting infrastructure and prepare the required institutions for achieving inclusive economic development across the continent. Free trade opens opportunities for increased competition, innovation and prosperity for Africans in the long term, this can be in form of lifting millions out of extreme poverty, boosting wages, promoting gender equality and building the export capacity of women-led businesses

Women-led businesses play an important role in driving cross-border trading, which is the key role of AfCFTA. Women are one-half of the world's population but only contribute to approximately 37% of the global GDP as such women empowerment is vital in achieving the goals of AfCFTA since AfCFTA aims at building and improving the export capacity of both formal and informal service suppliers, particularly SMMEs in which women and youths actively participate. 70% of informal cross-border trade in Africa are women as such, women entrepreneurs should be well-positioned to tap into regional export destinations and use regional markets as stepping stones for expanding into overseas markets.

Research shows that despite their limited export activities, female-led businesses play an important role in driving cross-border trading as part of their growth initiatives. The ratification of the African Continental Free Trade Area (AfCFTA) which aims to create a free-trade region among the African Union nations will give female entrepreneurs across the continent access to a much larger market. However, notwithstanding the opportunities offered by AfCTA to female-owned enterprises, which experience a high failure rate compared to their male counterparts, there is limited research in developing regions like Africa to establish performance drivers of such enterprises. This is important because to sustainably increase the rate of women's participation in the export market leveraging AfCTA, there is a need to appreciate factors with both positive and negative impacts on their enterprises to inform an adaptive policy framework. As such utilising three-year panel data from 2019 to 2021 from 100 Small and Medium Enterprises (SMEs) across South Africa, the results showed that virtual support, rural and township location negatively impacted female-owned SMEs. On the other hand, a number of workers, operating in the construction industry and firm age positively impacted the performance of female-owned enterprises in South Africa. In this light, it was recommended that to promote the growth and thus export propensity of female-owned SMEs, there is a need to provide hybrid support, especially focusing on those located in rural and township areas. Incubators should be harnessed to support emerging female-owned SMEs to minimize early-stage failure. Finally, the study recommended the need for sector-specific policies to ensure that female-owned SMEs across different sectors achieve sustainable performance and thus enhance their appetite to pursue export opportunities afforded by AfCTA.

LA POLITIQUE PUBLIQUE DU MAROC EN MATIERE DE COMMERCE INTERNATIONAL ET L'ADHESION A L'ACCORD SUR LA FACILITATION DES ECHANGES

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RESUME

L'Accord sur la Facilitation des Echanges (AFE) adopté lors de la 9ème Conférence Ministérielle a constitué l'une des principales réalisations de l'OMC après la conclusion de l'Uruguay Round. Il a pour objectif la réduction des coûts de transaction et des frais de dédouanement et la simplification des procédures et des formalités. Il prévoit en autre, une aide et une assistance technique au commerce pour les PED et PMA en matière de facilitation des échanges.

L'AFE encourage la poursuite de la libéralisation des échanges, favorise l'ouverture commerciale, réduit les obstacles au libre-échange et établit une coopération économique internationale dans un cadre permanent de discussions qui permet de formuler des politiques commerciales harmonisées et non-conflictuelles. L'AFE instaure un cadre de négociations favorisant les échanges entre ses membres, un système fondé sur des règles et non sur les rapports de force, sur la libéralisation et la promotion du commerce dans des conditions de concurrence loyale et de transparence. Ainsi, afin de simplifier les procédures et réduire les formalités, la facilitation des échanges est devenue un sujet majeur à l'OMC dès la Conférence ministérielle de Singapour (décembre 1996). En novembre 2014, les membres de l'OMC ont adopté un protocole d'amendement visant à insérer l'AFE dans l'annexe 1A de l'Accord sur l'OMC, considéré une étape majeure pour le système commercial multilatéral, il serait opportun de mettre l'accent sur l'utilité et l'importance de l'AFE et les dispositions qui en découlent.

Au niveau de cette proposition de communication, nous allons essayer d'analyser et traiter l'AFE d'un point de vue juridique en passant en revue l'ensemble des articles et dispositions énoncés dans le texte de l'accord. Aussi, nous allons de s'assurer de la compatibilité des politiques publiques du Maroc en la matière avec les dispositions de l'Accord.

Dans la même perspective, nous allons étudier les efforts accomplis par le Maroc en termes des stratégies déployées et des réformes mises en place afin de renforcer et améliorer la compétitivité et la performance du pays notamment en ce qui concerne la facilitation des échanges, ainsi que ses retombées sur l'économie du pays et son attractivité.

Mots clés : *Accord sur la facilitation des échanges, commerce international, négociations, politiques publiques, simplification des procédures.*

TRADE IN SERVICES IN IMBALANCED REGIONAL MARKETS: LESSONS FROM SADC FOR THE AfCFTA

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EXTENDED ABSTRACT

This paper examines options for the development of mutually beneficial services agreements among economic regions featuring substantial inequality of services capabilities. Building on prior work focused on the South African services market (Jules, Govender & Bridgman, 2021), the paper focuses on the Southern African Development Community (SADC) as a case study of the challenges and potential of developing services markets in highly imbalanced regional markets.

The African Continental Free Trade Agreement's (AfCFTA) Trade in Services negotiations offer great potential for sustainable, shared regional growth; as well as significant risks and complexities. Africa's services sector is expected to undergo exponential growth over the next three decades. With a rapidly urbanising middle class, underdeveloped service-client sectors like manufacturing and construction, and emergent capacities in key global sectors like ICT; Africa's services sector holds substantial potential to drive growth and job creation, and provide a pathway to prosperity from the expected youth population boom.

Nevertheless, the continent remains a significant net importer of services. Traded services – such as business processing – are still often imported from outside the continent. Regionally, significant imbalances in service capacities and trade results in highly skewed distributions of benefits. Services hubs such as South Africa in SADC leverage more developed service-consumer sectors and their position as significant importers of skills from neighbouring markets to supply smaller regional partners. These imbalances often represent a more extreme version of the industrial inequalities that complicate the development of mutually beneficial trading arrangements under the AfCFTA.

To enhance regional integration and the creation of a regional single services market, measures taken by SADC offer an example of the development of mutually beneficial services agreements among economic regions featuring substantial inequality of services capabilities. Having begun more than a decade ago with its signing in 2012, the Protocol on Trade in Services (PTIS) entered into force in January 2022, providing a framework for a preferential trade agreement covering all commercial and tradable services in any services sector. Centred on a process of progressive liberalisation, the Protocol aims to

incentivise intra-regional trade in services through the gradual removal of unnecessary regulation affecting the cross-border supply of services within the SADC region.

The PTIS is expected to lay the foundation for an agreement that covers all tradable services, which includes key service sectors such as finance, health, tourism, transport, communication, construction, distribution, energy, social, environmental, business, recreational, cultural and sporting services. This Protocol provides the framework for a preferential trade agreement covering all commercial and tradable services in any services sector. Furthermore, by ensuring that member states grant each other preferential access and fair treatment of foreign and domestic suppliers, it is hoped that the PTIS will go some way towards improving market integration amongst SADC member states. However, the presence of inequalities between countries continue to undermine the propensity for the PTIS to extend universal benefits to services markets in all member states. As a result, individual governments – such as South Africa, as the regional hegemonic service provider – are tasked with devising and implementing strategies to realise the benefits of integration. This becomes an even more pertinent consideration as we move towards pan-continental economic integration.

The first port of call is the establishment of a government unit dedicated solely to the promotion of the services sector. These dedicated services units can work with other branches of government to create a platform for dialogue between service providers and policymakers (Jansen van Rensburg et al., 2020). An additional team that must be formed is one dedicated to services trade negotiations as these are key to successful negotiations. Another key requirement is the clarification of roles and harmonization of work programmes of all services role players – an important consideration given the uncoordinated nature of government departments and entities in developing countries (Jansen van Rensburg et al., 2020).

The formulation of a national services strategy[1] is also important. In addition to strengthening the capacity of a country's services through policies and regulations aimed at specific service industries, national services strategies must account for shortfalls within the greater economic environment, including infrastructure gaps, restrictions on the movement of skilled persons, and misaligned licensing and educational requirements (Visagie & Turok, 2019; Jansen van Rensburg et. al., 2020). Due to the nature of services, it is imperative that these problems are addressed. ICT capabilities are of particular importance as it induces ease in delivering services, particularly those that are knowledge-intensive services. Correcting these shortcomings, and those in the regulatory and policy environment, will also improve services trade prospects (Jansen van Rensburg et al., 2020).

Enhanced service trade, however, requires an understanding of barriers, both domestically and abroad, and will require efforts to reduce domestic hurdles and enhance capabilities to overcome those abroad (Jansen van Rensburg et al., 2020). A clear stance on foreign direct investment (FDI) could prove beneficial for domestic services markets as allowing foreign service providers to establish a commercial presence in the domestic economy results in an influx of the scarce skills synonymous with knowledge-intensive services. An outward FDI stance could also prove beneficial as it would allow domestic services providers to establish a footprint abroad (Jansen van Rensburg et. al., 2020). FDI-

[1] The full paper will examine additional strategies to develop services markets and enhance services trade. It will also investigate the compatibility of services markets within the context of a competitive regional services hub and identify workable routes to develop capacity in the face of these established regional hubs.

based interventions would require a similar scoping of potential hurdles domestically and abroad, however.

The availability and use of trade in services data is another great necessity. Unlike trade in goods data, good-quality trade in services data is scarce. While there are various prominent platforms offering some type of services trade data, depth is lacking (Visagie & Turok, 2019; Jansen van Rensburg et al., 2020). As such, the implementation of legislative requirements to systematically capture services data will provide policymakers with the resources needed to make sound, evidence-based decisions.

Should developing countries follow the steps outlined above, they may see themselves transform into a regional services hub, as South Africa has within the SADC. In doing so, not only would there be a positive impact on the domestic economy, but it would also enable the flourishing of primary and secondary sectors within fellow regional economic community members through productivity gains Visagie & Turok, 2019).

The potential of the SADC market for trade in services is limited by at least three core challenges. First, is the existence of a dominant regional services exporter, which complicates the scope for the development of key tradeable services in smaller emerging markets. Second, are a range of structural non-trade challenges that create barriers to the domestic development of services sectors, notably in the areas of skills development, ICT infrastructure, and underlying domestic market size. And third is the potential impact of the regional agreement, the PTIS, in a context in which the competitiveness gains from the agreement are generally less meaningful than the competitiveness advantages offered by more developed services ecosystems in more developed global providers. Many of these basic characteristics are similarly of concern for the AfCFTA Services negotiations, albeit more complex at the continental level. As seen in Figures 1 and 2, while only Southern Africa features one major dominant services exporter, Central and Northern Africa are effectively duopolies in which two major markets dominate the vast majority of services exports both within their region, and from the region to the rest of the continent.

Figure 1: Share of regional services exports by major markets (OECD and WTO, 2021)

Region	Major Suppliers	Share of sub-region services exports		
		To Region	To Africa	To World
Central Africa	Congo, Cameroon	82%	75%	69%
Northern Africa	Egypt, Morocco	80%	89%	87%
Southern Africa	South Africa	61%	64%	64%
Eastern Africa	Kenya, Tanzania	49%	43%	36%
Western Africa	Ghana, Senegal	38%	36%	29%

This pattern is less obvious, but still apparent in the rest of the continent. The figures for West Africa likely underrepresent the importance of Ghana and Senegal, largely because Liberia's role as global ship registration hub inflates their apparent services exports. East Africa appears to be the outlier to these imbalances, with multiple services exporters such as Rwanda and Mauritius adding to the strength of Kenya and Tanzania.

Many of these figures underestimate imbalances in many of the next-generation and professional services in which differences are most pitched. These imbalances are much more difficult to measure[2], largely because they originate from underlying domestic conditions such welfare and infrastructure. An example of the scale of these inequalities can be seen in Figure 3, which demonstrates the number of individuals involved in coding activities, such as software development or data analysis. The bottom 42 countries have roughly as many ICT professionals as the top ranked market. And with most digital services being extremely mobile across borders, the scale of this domestic skills base is likely to entrench already steeply imbalanced skills in areas like the ICT sector, while also creating incentives that reinforce the domestic environment for skills development.

AfCFTA services negotiations are nominally at the implementation stage, but with much of the underlying national offers yet to be agreed. The Services Protocol was technically signed as part of the "Agreement Establishing the African Continental Free Trade Area" in March 2018 (Member States of the African Union, 2018), and entered into effect in May 2019. However, as of writing services offers have been made by 48 of the 54 signatories, and only 14 have been finalised and adopted – meaning the services protocol is still very much a live document.

Initial negotiations on offers covering five priority sectors appear unlikely to be concluded on schedule in 2022. A second phase, covering outstanding sectors and regulatory frameworks, is expected to follow upon completion of the services offer; while a range of additional protocols of relevance to services, notably on investment and intellectual property, are underway in parallel to the services talks[1].

As with much of the AfCFTA, the basic framework of the Services Protocol has been agreed, and the specific offers are at a suitably advanced stage as to not be liable to major future changes. The scope to extract additional value from the Services Protocol is therefore mostly vested in how the agreement is implemented, and how continental, regional, and national policies support the development of competitive service ecosystems.

Realistically, there is little evidence to suggest these efforts will be deeply coordinated at regional level. There is a high risk that the underlying challenges identified above could see a replication of the services approach seen in SADC, in which superficial regional policies belie development that is largely uncoordinated regionally and reinforces existing imbalances by leaving efforts in the hands of those states that are best able to support their domestic services base.

[2] The full paper will include a more detailed examination of inequalities in the African services market, the underlying services ecosystems in AfCFTA member states, and the likely implications of these imbalances for the AfCFTA.

Figure 2: Ratio of exports to imports within sub-region, 2019 (OECD and WTO, 2021)

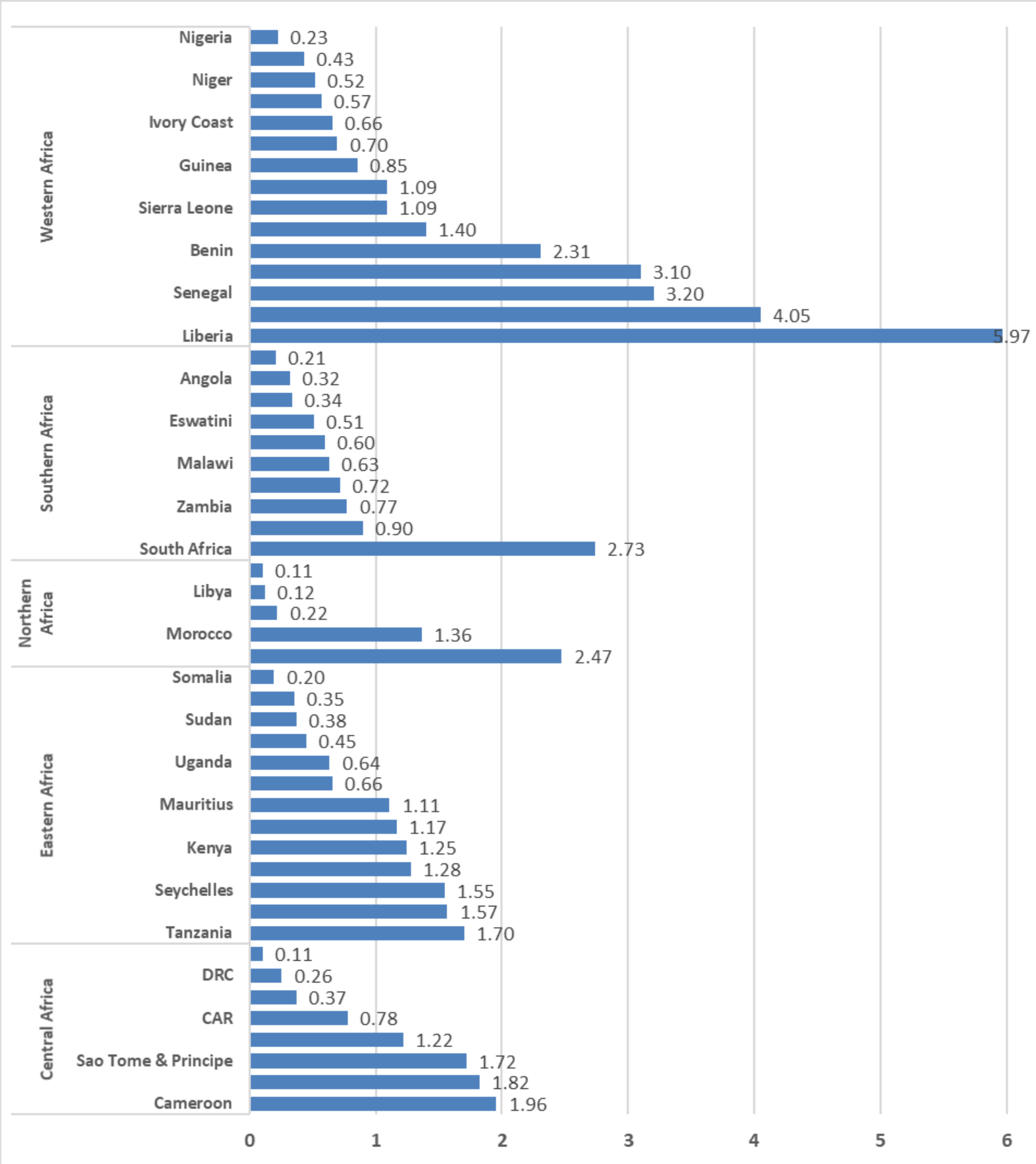
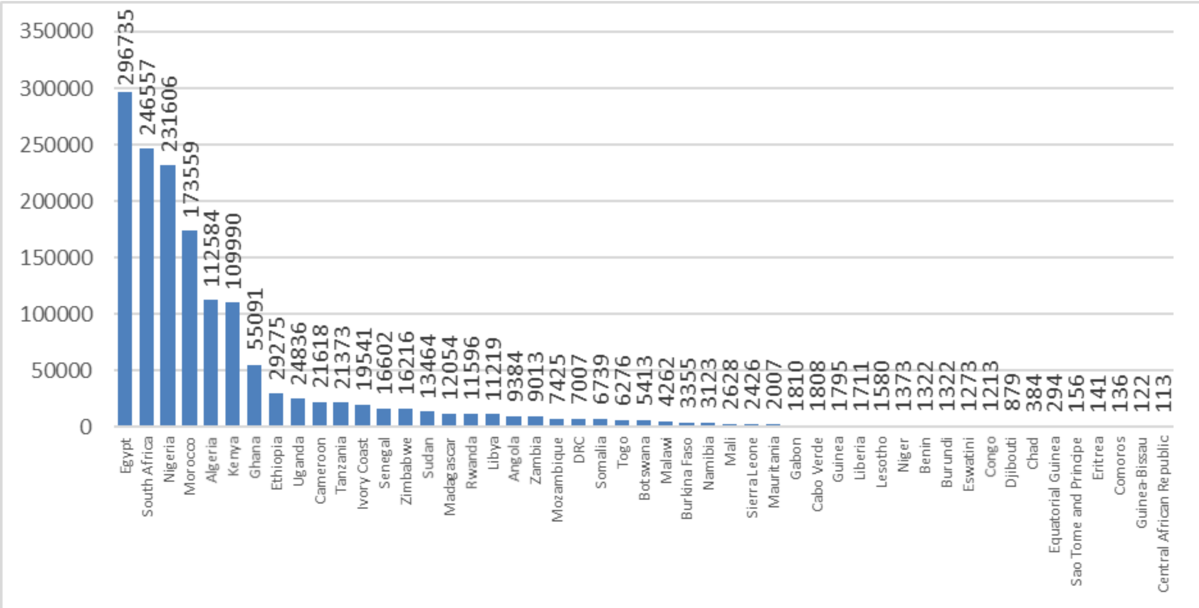


Figure 3: Estimated number of individuals who write code, by African market (Github, 2021)



On balance, it appears likely that, regardless of the ultimate direction of policy, most high-value tradable services will cluster in a few key metropoles on the continent. While there are examples of more disaggregated structures for global services trade, most notably in the case of India, the natural gravity of the human and technical resources offered by the largest cities in the most developed markets tends to be difficult to escape. In Africa, the extreme differences in development evident from the data above would seem to suggest that a concentrated version of this pattern is likely. More domestically-focused mass services like retail may create more widely distributed opportunities, but realising the potential of the AfCFTA's Services Protocol requires planning around this likely concentration of benefits from trade in services.

Given these considerations, an AfCFTA services framework or strategy should focus on a hub-and-spoke model of regional services trade, in which a handful of major centres serve the continent through a network of national offices and service providers. The spokes of these regional markets can be leveraged as a base to create adequate competitive scale for African services hubs to compete in global services markets. Again, this is broadly the model evident in Southern Africa, in which large service providers are headquartered in South Africa, but have networks of offices primarily located in other parts of the region.

While this model primarily benefits South Africa, it helps manage the natural imbalances of different levels of services development in the region, providing avenues for distributed benefits and pathways for entry into regional services networks for employees across the region, supporting secondary benefits such as strengthening regional remittance flows. A key lesson of this services production structure is its fragility, with South Africa's restrictive immigration policies and prioritisation of its own domestic market limiting the capacity to create a regional base large enough to support global competitiveness.

Avoiding this situation developing in the rest of the continent will require an African strategy that maximises shared benefits within this hub-and-scope model. This should be based on four key pillars[3]: (1) streamlined movement of people for regionally active services firms, (2) regional alignment of services standards to create globally competitive scale, (3) adequate policy space for regulations requiring the presence of domestic operations in less developed states, and (4) varied treatment in national content rules for global and regional service providers.

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[3] The full paper will include a detailed exploration of the framework, focused on explaining and detailing these core pillars, and providing a possible implementation structure for the services framework.

THE IMPACT OF THE WAR BETWEEN RUSSIA AND UKRAINE ON AfCFTA

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EXTENDED ABSTRACT

The war between Russia and Ukraine has led to a series of consequences felt around the world. First of all, both countries are important participants in the agricultural and energy markets, therefore the disturbances mainly concern these markets.

The disruption of trade, due to the war contributes to higher international agricultural commodity prices, with potential negative impacts on global food prices. Russia and Ukraine are major exporters of wheat, corn, sunflower oil, barley, and soybeans. Together, these two countries account for a quarter of global wheat exports. Several countries are importing these products in AfCFTA that will feel the price increase in their economies (TRADE MAP 2022, IMF 2022, Czarnecki 2022).

The consequences of the war concern the geopolitics and geoeconomics of the modern world. The war also resulted in sanctions imposed on Russia by many countries in the world and Russian sanctions imposed on these countries in retaliation. Since Russia is one of the most important exporters of energy and energy resources, the destabilization of prices in the energy market has been visible from the first days of the war. The European Union is looking for suppliers of energy resources alternative to Russia. This increases the interest in the AfCFTA countries as partners of the EU in the energy market.

In turn, China feels that the war has closed some of the land branches of the Belt and Road Initiative. Given the above, the role of individual participants in the BRI in Europe, Africa, and Asia is also changing in this field.

The main aim of the research was to identify the channels of influence of the war between Russia and Ukraine on AfCFTA. Due to the subject of the research, the STEEPVLL and SWOT analysis were chosen as research methods. The list of control factors is based on a literature review, available reports, international statistics, and in-depth interviews.

The STEEPVL study concerned the identification, description, and analysis of environmental factors resulting from the war between Russia and Ukraine, affecting the functioning of the AfCFTA. These factors were assigned to eight spheres: Social, Technological, Economic, Ecological, Political, Values, Legal, and Logistics. The STEEPVLL analysis was then used as a study to enrich the SWOT analysis.

The SWOT analysis concerned the strengths and weaknesses of AfCFTA in the context of the destabilization of food and energy markets as a result of Russia's war with Ukraine. Opportunities and threats resulting from the war for AfCFTA have also been identified.

AfCFTA may become an important driving factor for participating countries. It is expected that this will boost intra-African trade. However, the agreement entered into force in a difficult period for the world economy. First, the world had to deal with the Covid-19 pandemic, and now with the consequences and sanctions related to the war between Russia and Ukraine. While implementing the main goal of the research, an attempt was also made to answer the question of whether AfCFTA may become a remedy for the problem of some countries related to market disturbances caused by the war.

The AfCFTA countries are gaining importance in the policies of the European Union and China. Established in December 2019, the European Commission (EC) made the strengthening of cooperation with Africa a priority in its external actions. Africa was the first destination for foreign travel of the President of the European Commission, Ursula von der Leyen (Czerep and Kugiel 2020). In the face of the dangers of the war between Russia and Ukraine, the EU turns to African states, especially in the context of cooperation in the energy market and security issues. European countries are striving to replace the imports of energy resources from Russia with imports from other countries as soon as possible. The remedy seems to be the African countries rich in energy resources. Most countries from Southern Europe (e.g. Spain, Italy) and Central Europe (e.g. Poland) hope to import natural gas, coal, and oil from countries such as Algeria, Angola, Tanzania, Congo, Egypt, Libya, and Nigeria (De Rosa et al. 2022; Tabaka 2022; Campbell 2022). The problem that importers of energy resources from African countries may encounter are bottlenecks (e.g. between Algeria and Morocco) (Griffiths 2021). A fundamental question arises here whether AfCFTA will prove to be a remedy for bottlenecks problems in the energy market. The assumptions of AfCFTA will enable greater competitiveness of African countries as participants in the energy market and strengthen the continent's energy transition, (ESI Africa 2021). In turn, improving energy handling and energy integration initiatives could boost economic development in Africa by reducing transaction costs and enabling market and economic collaboration (Global Africa Network, 2020). Undoubtedly, however, the war between Russia and Ukraine has an impact on the increase in the prices of energy and agricultural raw materials. Price increases benefit exporters but have disastrous consequences for importers. Russia's invasion of Ukraine “risks destabilizing the African economy still in remission of the COVID-19 pandemic” (Chtatou 2022).

The impact of the Russian invasion on China's relations with African states remains a separate issue. For several decades China has been an important recipient of African raw materials, gradually increasing its involvement in power sector development, providing loans, specialists, and know-how to African partners (Otele 2020). As a result of losing many economic ties with Western countries, Russia is forced to increase sales of its raw materials to China at lower prices. Russia is thus becoming a competitor to some of China's relations with African states.

There is also a great opportunity and a political challenge ahead of AfCFTA. Russia's war with Ukraine may be the beginning of "a postmodern cold war between the East and the West" (Mheta 2022) in such a situation, naturally, some African countries will opt for western countries, and others - Russia, or maybe Russia and China (Mheta 2022). Integration processes under AfCFTA are a chance to prevent the creation of a new dividing line in Africa as a result of the new cold war.

***Key words**: AfCFTA, the war between Russia and Ukraine, EU, sanctions, STEEPVL analysis, SWOT analysis*

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ALIGNING CLIMATE AND ECONOMIC GOVERNANCE IN AFRICA

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ABSTRACT

Aligning climate and economic and governance is one of the most pressing and complex global challenges. In Africa, the imperative to address both climate and economic transformation is clear. However, the debate and scholarship on aligning these two themes is underdeveloped. This paper contributes to this debate and literature through a detailed and extensive analysis of the extent to which international economic institutions in Africa contribute to climate policy goals, focusing on trade and investment. In doing so, the paper seeks to lay the foundation for subsequent research and policy initiatives. Results from the analysis indicate that there is much untapped potential to leverage international economic institutions in Africa to pursue climate policy. The paper concludes with concrete policy recommendations on strengthening the alignment, with the Africa Continental Free Trade Agreement (AfCFTA) as the focal point.

Keywords: Africa Continental Free Trade Agreement (AfCFTA), trade policy, investment policy, climate policy

EXPANDING THE DIGITAL TRADE IN THE AfCFTA CONTEXT: DO REGULATORY FRAMEWORKS MATTER?

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ABSTRACT

The African Continental Free Trade Area (AfCFTA) is actually the most significant initiative for digital transformation on the continent. A key challenge for it implementation is to put in place a regulatory frameworks in order to boost digital trade. As defined by OECD, digital trade refers to digitally enabled transactions of trade in goods and services that can either be digitally or physically delivered, and that involve consumers, firms, and governments. Digital trade can facilitate digital economy integration in Africa. However, its effect depends on the African regulations of ICT products, digital goods, and online services as well as trade intensity in each area of digital trade access to internet and other infrastructure related to digital trade. Using the OECD data, this study aim to explore how open and harmonized the regulatory environment is for digital trade in some sub-Saharan African countries.

EXPORT DEVELOPMENT AND DIVERSIFICATION OPPORTUNITIES IN THE AfCFTA: THE CASE OF SOUTH AFRICA

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ABSTRACT

The African Continental Free Trade Area (AfCFTA) is poised to unlock the door to heightened intra-African trade, clearing the way for enhanced economic performance on the continent. However, if the AfCFTA is to fulfil its potential as a trade enabler, African countries (including South Africa) need to transform their economic policies and production efforts and diversify their exports. Export diversification is vital, as it will make African countries less vulnerable to external shocks and more economically resilient. It will also allow for the inclusion of more small and medium-sized enterprises (SMEs) in cross-border trade and drive innovation as more markets open up and competitive conditions change. Export diversification could involve exporting higher volumes of traditional products to existing or new markets, or expanding into new markets with traditional or new products. Therefore, an in-depth knowledge of where the diversification opportunities lie is required – both in terms of markets and products.

This paper uses the TRADE-DSM (Decision Support Model) approach to identify realistic export opportunities for South Africa in the rest of Africa in the wake of the AfCFTA. The results show that approximately 40% of the identified realistic export opportunities in manufactured and processed goods are in new markets and new products, amounting to 782 untapped opportunities in 35 countries. Most of these diversification opportunities are in Northern and Western Africa.

Not only can the results assist South Africa in sharpening its competitive advantages by showing how its industrial efficiency and output can be optimised, but they can also provide the foundations of stronger, mutually beneficial regional and continental alliances under the auspices of the AfCFTA.

TOWARDS ACTUALIZING THE AFRICA CONTINENTAL FREE TRADE AREA (AfCFTA): A CRITICAL EXAMINATION OF THE POLICY ISSUES AND NEGOTIATION OPTIONS

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ABSTRACT

The signing of, and overwhelming support for the Africa Continental Free Trade Area (AfCFTA) Agreement in 2018, not only sparked many debates but also heightened expectations among ordinary citizens, scholars and practitioners alike on matters to do with international trade, commerce, investment and exchange among other aspects and dynamics of economic integration on the continent and beyond. True enough, the promise of a functional AfCFTA endures. Nonetheless, major gaps and challenges gaps still linger in as far as the actualization of the Africa Continental Free Trade Area is concerned. A fully operational AfCFTA would easily be the largest trade agreement, second only to the World Trade Organization; bringing together 54 African countries and a rich population of over 1.3 billion. In a continent that has had its own share of unique and diverse political, economic and socio-cultural realities, a lot still needs to be done in terms of ironing-out the political, legal, policy and institutional bottlenecks that stand in the way. Further, there are 8 Regional Economic Communities (RECs) in Africa, many of which are yet to attain some of the requisite steps towards fully harmonizing both intra-REC and inter-REC policies in as far as the ideals of a continent-wide economic integration framework is concerned. Taking on a conceptual and systematic analytical approach, this paper responds to this lacuna by undertaking a critical examination of the policy issues and negotiation options thereof. In this direction, the paper begins by re-examining the logics behind the operationalization roadmap for the Africa Continental Free Trade Area. It then zeroes-in on the sticky policy issues that stand in the way, as well interrogating the negotiation options thereof. Ultimately, the discussion concludes by proffering sound and sustainable options on the same going forward.]

Key Words:*Actualizing AfCFTA, Policy Issues, Negotiation Options, Critical Analysis*

ECONOMIC PRACTICABILITY, IMPLICATIONS AND PROSPECTS OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA): A CASE OF KENYA

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ABSTRACT

On March 21st, 2018 the Heads of state and Government of the Member States of the African Union signed a treaty in Kigali Rwanda establishing the African Continental Free Trade Area (AfCFTA). Under the AfCFTA treaty, the member countries would progressively remove tariffs and non-tariff barriers to trade in goods; progressively liberalize trade in services and cooperate on investment, intellectual property rights, competition policy and all trade-related areas. This would lay the foundation for the establishment of a Continental Customs Union in future. COVID-19 has taught Africa that a key to sustainable development is self-reliance and homegrown solutions; AfCFTA offers a long-term solution to this in addition to enhancing Africa's resilience. COVID-19 pandemic and the ongoing Russia – Ukraine war has stressed the necessity for self-sufficiency among African states and a serious need to generate a market for goods and services produced within the continent. AfCFTA is expected to boost intra-African trade, particularly in the manufacturing sector. This would be achieved through decreased tariffs, nontariff barriers and trade facilitation measures. Although AfCFTA presents a major opportunity for Africa, its operation will be a weighty challenge. Removing or lowering tariffs reforming nontariff and trade facilitation measures will require substantial policy reforms at both the national and regional levels. These reforms require a political goodwill since politically difficult decisions would have to be undertaken in some cases. However, these reforms would be expensive and difficult in the short-run, but the returns would be substantial in the long-run. It is therefore, imperative to assess the economic implications and the prospects of the AfCFTA to help policy makers overcome these challenges and implement the required reforms to make Africa competitive globally. This paper evaluates the economic practicability and prospects of attaining free trade between Kenya and rest of African Countries paying attention to challenges facing the East African Community (EAC). It also assesses AfCFTA implications on Kenya's economic growth and Tariff revenue. Using descriptive analysis, this study show that intra-African trade is very low since most EAC countries import from and export more to partners outside the continents. The study used a computable general equilibrium (CGE) model and a microsimulation framework to quantify the short-term and long-term implications of AfCFTA on economic growth and tariff revenue. The shows that full implementation of AfCFTA would increase real income in Kenya 10 percent in the year 2035. However, heterogeneity of this impact among the EAC states is of big concern. On tariff revenue, the short-term reduction is small however; in the medium to long-term tariff, revenue is expected to grow as full implementation of AfCFTA take place through tariff liberalization, reduction of Non-Tariff Barriers and operationalization of trade facilitation measures.

Keywords: Implications, Practicability and Prospects of AfCFTA

AfCFTA AND THE INTELLECTUAL PROPERTY PROTOCOL HOW TO PROTECT TRANSFER OF KNOWLEDGE, TECHNOLOGY AND AFRICAN INNOVATION

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ABSTRACT

The African experience has been mainly one of importer, consumer of knowledge, technology and innovation. This is so even though raw materials, in the form of minerals, plant and animal materials may be exported from the continent to undergo research and development to create intellectual property, which is then brought back to the continent.

This state of affairs has much to do with two issues, first, how commercial knowledge is valued in comparison to the traditional knowledge and secondly, the cost of setting up scientific facilities which need to exist within legal and economic frameworks that protect the locally created knowledge, technology and innovation. However, this is not true of all the African states, many do have the legal and economic infrastructure and there is high-level creation of knowledge, technology and innovation. Even in countries where such infrastructure is fragmented, one finds that the endeavour continues to create knowledge, utilise local technologies and be innovative.

It is essential that we utilise local knowledge, create it and produce technological solutions for the needs of the continent. The Monkeypox is a case in point, this disease has existed on the continent with endemic outbreaks, it was only when there were outbreaks in the global north that investigations were made and it was found that the smallpox vaccine could be utilised to protect people. These vaccines are now being hoarded in the global north, leaving the people in West Africa to suffer.

This is the background within which the AfCFTA finds itself at a pivotal intellectual property (IP) moment as it starts talks for Phase II negotiations of the African Continental Free Trade Area (AfCFTA) Agreement covering investment, competition and IP. These talks occur in the context of a continent where individual state IP legal architecture exists alongside the sharp disconnect between regional aspirations. The sub-regional realities are further shaped by external influences such as bilateral/regional/multilateral trade agreements and colonial/coercive pressures.

How does one streamline the current varied regulatory approaches across members (some bound by the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights, others by different multilateral and bilateral treaties) with a single approach? Included is the need to extend protection to nascent products and areas such as geographical indications and traditional knowledge. To do so, it will be essential to centre these talks within AU's African Model Legislation for the Protection of the Rights of Local Communities, Farmers and Breeders, as well as the Regulation of Access to Biological Resources 2000 (African Model Law), the ARIPO's Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore 2010 (Swakopmund Protocol) and the AU Model Law on Medical Products Regulation.

This paper will endeavour to discuss the extension of protections to Geographical Indication and Traditional Knowledge and will set out the essential elements that need to be in the Continental framework on Investment, Competition and IP.

This paper will particularly analyse the protection of Traditional Knowledge (TK) in the context of the regional legislative and institutional frameworks. It is widely accepted that Africa is rich in TK. TK is a living body of knowledge that is developed, sustained and passed on from generation to generation within a community, often forming part of its cultural or spiritual identity

While the two-fold undertaking occurs on the continent, the Africa group must continue to put forward concerted lobby to have continental voices be heard at WIPO and WTO.

We quote the words of the Africa Group at the WIPO to move the negotiators to action:

‘there is a need to develop sui generis rights and systems to provide protection not adequately available under current rights and systems, despite the protection provided in some cases to traditional knowledge associated with genetic resources and expressions of folklore by current intellectual property systems’

PRE-REQUISITES OF AN EFFICIENT IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT: AN INTEGRATED ANALYSIS

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ABSTRACT

The African Continental Free Trade Agreement (AfCFTA) raises a mixture of optimism and skepticism among policy makers, economic actors and academic institutions throughout Africa. The prospects of implementation will play a crucial role in reaching the expected outcomes, and thus realizing the projected benefits related mainly to growth, inclusiveness and welfare. There is a widespread awareness that some gaps will certainly hinder the fulfillment of the objectives stated in the agreement, but this awareness has to be translated into concrete actions in the short and medium term in order to cope with the constraints of an efficient implementation.

Studies show that when free trade is inadequately managed, it contributes to increasing development inequalities between states, and between workers. Profits from increased intra-African trade can disproportionately benefit African industrial elites, exacerbating wealth disparities.

In this regard, the first years following the entry into force of the free trade agreement are highly critical for the overall process, and coordinated efforts should be directed to the pre-requisites related to infrastructures, corridors of development, trade facilitation, and enhancement of business climate to cite only some of them. The African continent is diverse where countries are very unequal in terms of resources, potentialities, geographic location and capabilities. The fears that the AfCFTA would reinforce the position of the already "powerful" countries and firms in comparison with less advanced ones are legitimate. Moreover, significant structural and cyclical constraints will affect the dynamics of implementation, and impediment the projected results. Thus, it is of critical importance to support the dynamics of trade liberalization with accompanying policies aimed to build connections and logistical infrastructures, including digital infrastructure and effective strategies of cyber-security and cyber-defense, strategies to foster innovation and competitiveness, and to guarantee distributive effects in favor of the least advantaged populations and workers. Social programs and adequate investments should target the potential losers, Integrate the rural world, and facilitate business opportunities for SMEs, and qualification for low-skilled employees.

The challenges in the medium and long term are crucial for the success of the AfCFTA. They are related to agriculture reforms for food sovereignty, to the development of complementary industrial sectors, transformative manufacturing capabilities and technologies, the attraction of adequate investments for economic complementarity.

The prospective of making the intra-african free trade a factor of poverty reduction, prosperity and well-being is a long way and sown obstacles. Therefore, the bridge from free trade to inclusive, prosper Africa is far from being a linear course of action, but will need a highly critical social and economic strategies and programs.

The present paper argues that critical pre-requisites need to be incorporated into a global pan African strategy for making the intra-African free trade succeed. The realization of projected positive effects regarding growth, industrialization, incomes, the fight against poverty, investments, competitiveness are conditioned by those pre-requisites. The importance of this research is based on the high expectations of African countries from the implementation of the AfCFTA. This paper is part of an in-depth reflection on economic pan Africanism as an endogenous and sustainable alternative to the failures of the traditional cooperation for development models. It aims to investigate the degree of correlation between the objectives of the free trade agreement and the development challenges of African countries, particularly through the continental integration.

The question of research is to what extent the AfCFTA general and specific objectives are aligned with the challenges of Africa's endogenous and sustainable development and the opportunities for a continental integration of African economies.

Regarding methodology, quantitative and qualitative methods will be applied, and data analysis, treatment and interpretation will be performed in addition to a prospective approach in order to draw conclusions and recommendations for policy makers.

Keywords:*African Continental Free Trade Agreement, Economic Pan-Africanism, Endogenous and Sustainable Development, Continental Integration, Industrialisation*

HOW THE AFRICAN CONTINENTAL FREE TRADE AREA IMPACTS FIRMS' EXPORT SURVIVAL: SOME LESSONS FROM KENYA

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EXTENDED ABSTRACT

The African Continental Free Trade Area (AfCFTA), which started operations on 1st January 2021, will be the largest free trade agreement in the world, after the creation of the World Trade Organization (WTO), upon its full implementation (Abrego et al. 2020). As one may expect, assessment of the agreement's potential benefits is at the center stage of policy and scholarly debates. Estimations from gravity model and Computable General Equilibrium (CGE) thus far indicate that AfCFTA is likely to be a panacea to Africa's trade and economic performance: by raising member states' income, employment, welfare, and intra-trade (Abrego et al. 2020; World Bank 2020; Fofack et al., 2021).

However, the question of export survival, which is vital to export performance and a major drawback to the continent's export performance (Brenton et al. 2010; Besedeš and Prusa 2011), is yet to be answered. Export survival is the amount of time a firm's/country's export of a product to a specific destination remains uninterrupted. It is crucial to understand export survival alongside its determinants since high export survival rates deepen existing trade relationships and improve long-term export growth while low survival thwarts this possibility.

This study provides insights on how AfCFTA is likely to affect export survival by using monthly customs transactions data (January 2006 - December 2017) from Kenya. We establish the effect of the existence of anEconomic Integration Agreement (EIA) between Kenya and its trading partner, and the length of time an agreement is in place, on export survival. The analysis is conducted at three levels: using a composite EIA indicator, East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA). EAC and COMESA are used for their peculiarities considering the depth of integration and size by membership and Gross Domestic Product (GDP). The length of time an agreement is in place has a "timing" effect which is either positive or negative. It is negative when firms that start trading during the lifetime of an agreement are small and less productive. Hence, they are more fragile and likely to exit when faced by a negative shock on demand in the foreign market or their own productivity. The "timing" effect is positive when the agreement helps incumbet firms solidify their exports while

attracting highly productive newcomers whose chances of trading for the foreseeable future are high. The overall effect depends on the dominant outcome between these two opposing effects (Oanh and Linh 2019).

We find that the mean and median duration of exports in Kenya is 8.5 and 2 months respectively. The mean duration is 7.6 months when trading under no agreement and 8.7 months when exporting under an agreement and it is even higher (15.9 months) when the agreement excludes EAC and COMESA. Individually, the mean duration is higher under EAC than COMESA (5.98 months versus 4.5 months). Regression results from the probit model with random effects reveal that having an agreement increases the likelihood of export survival by a range of 4.5 percent and 7.9 percent. The probability is higher (14 percent to 21 percent) when the duration of an agreement is included. We also find that the longer an agreement exists, the higher the chances of a trade relationship ceasing. Further analysis shows that the existence of EAC improves export survival while COMESA increases the chances of export failure. The duration of EAC increases export failure but the duration of COMESA reduces it.

Overall, while we observe that trade agreements boost export survival, their effect differs by depth and size: EAC, which has fewer members but is deeper being a Common Market, enhances export survival more than COMESA, which reduces export survival but it has more members though less deep being an FTA. AfCFTA is expected to integrate and expand market access in Africa but this might not guarantee a high export survival (going by our results) unless there are provisions to deepen the agreement. Another insight from our findings is that the longevity of an agreement can positively or negatively impact export survival depending on whether less or more productive firms start exporting during the lifespan of an agreement. Therefore, policies that boost firms' productivity should be encouraged for AfCFTA to enhance their export survival.

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THE CHALLENGES AND OPPORTUNITIES OF CENTRAL BANK DIGITAL CURRENCIES (CBDC)S FOR TRADING UNDER THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

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ABSTRACT

African countries are increasingly embracing digital currencies because they are quick, convenient and provide a direct peer-to-peer route for remittance payments, international business and savings. As private digital currencies are gaining momentum, African governments are deploying and researching Central Bank Digital Currencies (CBDC)s. CBDCs are digital forms of central bank money, backed by the central bank, and widely available to the general public. Nigeria has deployed the e-Naira and Ghana recently released a paper stating its motivations for the CBDC.[4] Rwanda, South Africa, Tanzania, and Kenya are in the research stages.

The rising interest in CBDCs is propitious given the increasing efforts towards implementation of the African Continental Free Trade Area (AfCFTA). The AfCFTA is a momentous agreement that came into force in January 2021 and is a strategic framework for delivering Africa's inclusive and sustainable development goal. As one of the flagship projects of Agenda 2063, the AfCFTA, by the provision of mutually beneficial trade agreements, is expected to grow intra-African trade by about 33 per cent, a significant increase from the current 12%, a low percentage if compared with Europe at 68%. The World Bank predicts that the AfCFTA will lift about 30 million people out of extreme poverty by 2035. Manufacturing is expected to increase from USD500 billion to USD1 trillion by 2025, while intra-African trade in agriculture is projected to increase by 20-30%.

CBDCs can be useful for trading under the AfCFTA because they can lower transaction costs. The paper seeks to show how this can be done through the following. Firstly, the paper will consider how CBDCs can help in the implementation of the AfCFTA so that the AfCFTA is favourable to citizens across the continent. To do this, the paper will draw from the aims of the Sustainable Development Goals (SDGs). The goals stated in SDGs can help in understanding how the CBDCs can assist with trade in Africa. Thus, the paper will consider how CBDCs would be implemented using SDG 9 on industry innovation and infrastructure and its targets because CBDCs come within that purview.

Secondly, the paper will consider the key drivers for CBDCs under the AfCFTA which are e-commerce, payments and finance and their implications. These implications include the potential to alleviate inefficiencies in the flow of foreign remittances because CBDCs can deliver real-time, cheaper and safer cross-border payments and settlements; assist with

[4] https://news.bitcoin.com/ghana-cbdc-development-new-central-bank-document-outlines-key-motivations-for-issuing-the-digital-currency/

economic development; provision of low-cost transaction accounts; open architectural infrastructure; enable free trade and promote good governance.

Despite the advantages of CBDCs for trading under the AfCFTA, certain issues need to be considered in order to truly understand whether and to what extent CBDCs can be implemented or used to trade under the AfCFTA. In this respect, several issues arise.

Firstly, CBDCs are digital, meaning that the right infrastructure – electricity and a reliable internet connection – are necessary to engage with the ecosystem. Whilst internet connectivity is increasing in Africa, regions like Sub-Saharan Africa is still home to approximately 700 million of the world's 3.7 billion unconnected people.[5] It is projected that the internet will become a reality for all of Sub-Saharan Africa by 2030 with investments to the tune of $97 billion in the region.[6] The paper will consider what this will mean for the use of CBDCs for intra-African trade.

Secondly, since different African countries have or are in the process of deploying their CBDCs, there is a question of which of the CBDCs would be used and the implication of choosing one over the other. Bearing in mind that China's CBDC is a contender. Out of the 140 countries that have committed to the Belt and Road Initiative (BRI) as of 1 January 2021 – forty of which are in Sub-Saharan Africa. The paper will also explore the possibility of using multiple CBDC for trade under the AfCFTA. To address this, the paper would consider the technical and operational feasibility of platforms for multiple CBDCs in Africa. To this extent, designs also need to explore the viability of CBDC models, considering policy, legal, governance and economic issues.[7]

Thirdly, there has been ongoing discussions on the single currency however, this has not materialised. The Economic Community of West African States (ECOWAS) is yet to introduce the Eco, a new currency for the region. The paper will consider the implications and effects of existing CBDCs on the Eco.

The paper will critically examine all the issues above in order to determine whether CBDCs are truly beneficial for trading within the AfCFTA.

[5]https://qz.com/africa/2069725/who-benefits-when-all-africans-have-internet-access/amp/
[6]https://qz.com/africa/2069725/who-benefits-when-all-africans-have-internet-access/amp/
[7]https://www.bis.org/publ/othp51.htm

THE DUAL EFFECTS OF COVID-19 ON AFRICA'S INTEGRATION PROCESS IN VIEW OF THE AfCFTA

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ABSTRACT

Africa's integration came a long way over the decades, culminating into the recently signed African Continental Free Trade Agreement (AfCFTA). At the very least, regional integration implies free movement of goods (and people) across economic and political boundaries. This 'freedom' faces a significant threat due to the dual effects of the 'economic' and 'health' effects of the coronavirus pandemic adding to a list of already existing complexities. This paper employs a desktop methodology to answer some of the following key questions. Will new trade models be required? Is the continent ready for such models and at what phase can these be effectively applied? Given the idiosyncrasies, which characterise the continent (for instance, political, social, religious, geopolitical structures), is the AfCFTA still feasible in this new global context? This paper discussed the health-growth nexus in an integrated context by adding the trade complexity under a health shock in the context of the coronavirus pandemic. Some theoretical aspects such as convergence and health-growth models as well as empirical experiences, challenges and opportunities were discussed. A regional approach was employed with specific countries, mostly South Africa and Zimbabwe, used only for illustrative and comparative purposes. Among others, the paper argues for a 'health convergence criteria' to help reduce non-trade barriers around the AfCFTA momentum. While a new normal has emerged due to the pandemic, the paper posits that there are still opportunities, which can be exploited by Africans, should if the right mix of coordination of efforts and political will is applied towards a common developmental goal

Keywords: AfCFTA, coronavirus, integration, economic convergence, health-convergence

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THE IMPACTS OF THE AFRICA CONTINENTAL FREE TRADE AREA ON THE KENYAN ECONOMY

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ABSTRACT

Employing an economy-wide model (DEMETRA), the analysis provides a detailed characterization of the AfCFTA impacts on the Kenyan economy in the 2021-2035 timeframe. It considers two liberalization scenarios — tariff-only liberalization and tariff&Non-Tariff Measures (NTMs) liberalization — across four liberalization schedules defined by alternative government revenue, food security and economic development objectives. To capture the responses to the AfCFTA establishment occurring outside Kenya, results from a continental-level assessment are linked to the DEMETRA model to determine changes in international markets. For the Kenyan economy, these responses are translated into shifts of product export demand and changes of import prices for domestic consumers. With the risk of government income to decline due to lower tariff revenues, the analysis is also complemented with simulations in which a change in the sales tax is introduced to obtain revenue neutrality relative to the multi-year baseline.

The study findings show that the tariff-only liberalization leads to moderate positive outcomes, encouraging trade in commodities where Kenya already has a comparative advantage, namely cash crops. Moreover, there is a decrease in the production of food crops, which are substituted by their imported variety signalling an increase in import dependency in this area. The tariffs and NTMs liberalization induces a more significant reduction in trade costs thus stimulating trade. Exports of cash crops continue to have the highest expansion rate followed by manufacturing products. At the same time, there is an important growth of imports in manufacturing and processed food, which determines the output of many activities in this area to reduce relative to baseline values.

At the household level, the AfCFTA determines an overall increase in welfare and food consumption. Nevertheless, some urban households have a small decline in welfare relative to the baseline during the medium term (2021-2030). Rural households aggregated at a regional level have a higher welfare increase overall with no negative impacts during the transition to 2035. The extension of the AfCFTA liberalization into the NTMs increases the average welfare gains but also increases the discrepancies between the household groups represented in this study.

With a tariff-only liberalization, government revenues are on slight declining trend relative to the baseline towards 2030 but then begin to recover. The NTMs liberalization allows government revenues to recover more and even to surpass the baseline values in 2035. Higher trade levels and economic gains determine a net increase in revenues from tariffs and output- and income taxes. The introduction of a sales tax to compensate for government revenue loss during the transition period has limited impacts on prices, output, consumption, and trade. This is due to the requirement for only a minor increase

in the tax rate. Nevertheless, it shows some marginal benefits in alleviating the adverse effects of the AfCFTA during the transition period on some urban household groups.

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AN ANALYTICAL STUDY OF THE FREEPORT AS A HUB OF REGIONAL VALUE CHAINS

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ABSTRACT

Freeports are considered as major free trade areas where products are manufactured, shipped, packaged, repackaged and traded within nations. Freeports are usually located near the sea although they might also include airports. These areas are essential in value creation through production and management within the Value Chain, a concept developed by eminent professor, Michael Porter. This study uses the model through an analysis of the primary and support industries and links them to the development of the Value Chain. The Mauritius Freeport is showcased as an illustration of a successful Freeport concept in the region. The paper, however, raises concern on landlocked nations in sub-Saharan Africa that are physically denied seaports and rely on corridors for trade. Further, seaports shoring the Indian Ocean region might be called to develop as Freeport hubs. In this perspective, this study analyses how value could be created in both situations and see that these might address today's problems associated with the COVID-19 pandemic, which halted regional and global trade, the need for countries within the African Continental free Trade Area to embrace intra-trade in order to facilitate business while seeking value creation.

Keywords: Freeport, intra-trade, landlocked, coastal, value chain

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THINKING STRATEGICALLY ABOUT THE INTERFACE BETWEEN INTELLECTUAL PROPERTY AND INVESTMENT LAW UNDER THE AfCFTA

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ABSTRACT

In the last decade or so, there have been a number of high-profile disputes before investor-state dispute settlement (ISDS) tribunals brought by corporate investors against host states regarding certain national measures that affect the protection of intellectual property rights. These disputes have cast a spotlight on the importance of the interface between international investment law and international intellectual property law. Specifically, host states are now increasingly aware of the potential impact that the international investment law regime can have on the policy space available to them under international intellectual property law. In light of the above, it is thus crucial for those involved in the Phase II negotiations on the African Continental Free Trade Area (AfCFTA) Agreement (which covers intellectual property rights, investment, and competition policy) to think strategically about the interface between intellectual property and investment law. This paper takes the view that the protection of both intellectual property rights and investments can play a role in contributing to the development of the African continent and the inclusion of both issues in the Phase II negotiations is therefore commendable. The paper nevertheless cautions that appropriate provisions must be included in the relevant protocols that emerge from these Phase II negotiations to ensure that African states can still design their national intellectual property laws in a manner suitable to their socio-economic context. This paper therefore makes some key recommendations that are aimed at safeguarding the intellectual property policy space of parties to the AfCFTA Agreement without downplaying the importance of protecting the intellectual property assets of investors. Specifically, it suggests clauses that could be included in the proposed protocol on investment regarding the definition of intellectual property as an investment and the application of both the fair and equitable treatment standard and the expropriation standard to measures relating to intellectual property rights.

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CHALLENGES OF ACCESS TO EDUCATION AND SKILLS FACING KENYAN WOMEN AND YOUTH TRADERS AND HOW THEY CAN BENEFIT FROM THE AFRICAN CONTINENTAL FREE TRADE AREA

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ABSTRACT

This paper analyses the education and skills challenges facing Kenyan women and female youth traders and recommends policies to address these challenges in order for them to benefit from the African Continental Free Trade Area (AfCFTA). Education and skills training are the foundations of women and youth success in international trade and enterprise development. Skills development is essential in handling the challenges expected in order to meet new demands of a changing economy, working with new technologies in the context of globalization and taking advantage of potential opportunities from the AfCFTA. A good education and skills development program should be able to connect education to training and from training to trade and enterprise development. Kenyan women and youth traders face various challenges. Women challenges include: gender biases in occupational choices; cultural and economic constraints; unpaid family work; under-representation in informal apprenticeships; lack of provision of child care facilities; lack of digital skills; underrepresentation in Technical and Vocational Educational and Training (TVET); lack of entrepreneurship skills; lack of capacity to participate in international trade and lack of gender mainstreaming in infrastructure development. Youth face challenges such as unmatched need between industry and courses offered; high costs of investment in technology; lack of information on existing opportunities; lack of skills in access to credit and debt management; high dropout rate of Schools/TVETs by female youth and finally lack of competent trainers in entrepreneurship.

Key Words: *Kenya, women, youth, apprenticeship, Technical, Vocational, Education Training*

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THE AfCFTA: THE LEGAL CATALYST FOR THE INTENSIFICATION OF MARITIME TRADE IN AFRICA

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INTRODUCTION

As African countries became independent, the need to find markets for their products and services became important. In line with that, many African countries have signed regional trade agreements. Regional trade agreements (RTAs) are treaties signed by two or more countries to promote trade among themselves. Through these RTAs, the countries establish the rules and modalities that will apply to their trading activities (World Bank, 2018). Famous RTAs throughout the African continent are: the Economic Community of West African States (ECOWAS), The Arab Maghreb Union (UMA), The Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

Those RTAs have helped countries gained market access as well as liberalised trade regionally. For example, tariff rate within the COMESA was at 18% between 1995 to 2004, intra imports and exports amounted to USD 1.7 billion and USD 1.9 billion during that period. As the COMESA further liberalised trade among the partner countries post 2004, it decreased the tariff rate to 12%. This resulted in an increased in the intra imports and exports within the COMESA by USD 7.5 billion and USD 8 billion (Ngepah and Udeagha 2018). This tariff reduction boosted trade among member states of the COMESA who benefitted from this. However, despite some of the benefits that the African RTAs provide to their member states, the overall expected socio-economic outcome that the RTAs yielded for the continent have not been attained (Barnekow and Kulkarni, 2017). Lack of intra-continental trade, socio-political tensions and the existence of trade barriers applicable to other countries within the continent are example of the challenges that African countries face in their process of regional integration and trade liberalisation

In order to address these challenges, the African Continental Free Trade Agreement (AfCFTA) was launched in 2019. The aim of the AfCFTA is to enhance the regional integration of African states by removing trade barriers and promote intra-regional trade across the continent. An important sector, which can contribute to the promotion of intra-regional trade in Africa, is maritime trade.

Maritime trade has the capacity of connecting countries and boosting trade among them. However, it has been noted that maritime trade across the African continent is quite low compared to other regions of the world (UNCTAD, 2020). Various reasons are associated with this low rate of seaborne trade in Africa. These reasons are, *inter alia*, obsolete port infrastructure and logistics, poor road connectivity and the existence of non-tariff barriers to maritime trade.

The purpose of this paper is to elaborate on how the African Continental Free Trade Agreement can act as a legal catalyst to intensify maritime trade in Africa. The research method to be used throughout the paper is a doctrinal legal research method. Through this method, an assessment of the provisions of the AfCFTA will be carried out. The aim is to understand how the agreement can boost maritime trade in Africa. The paper will be divided into three parts. Part I will provide for an overview of the AfCFTA with a legal analysis of its main principles and objectives. Part II will showcase maritime trade in Africa and how this sector needs to be enhanced throughout the continent. Part III will demonstrate how the AfCFTA can be used as a legal catalyst to boost maritime trade for the continent.

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BENIN IN GLOBAL VALUE CHAINS (GVCS): OPPORTUNITIES AND CHALLENGES IN THE CONTEXT OF AfCFTA IMPLEMENTATION

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African countries trade too little betweenthemselves.According to a UNCTAD report (2019), these exchanges represent approximately 15.2% of Africa's total exports over the period 2015-2017 compared to other integration zonein America (47%), Asia (61%) and Europe (67%). This trend kept going overthe period 2017 - 2021 where intra-African exports were estimated between 16 and 21% of Africa's exports withthe rest of the world (ATC Trade Map, 2022). Regarding regional and global value chains, less than 15% of foreign value added is found in exports from developing countries (Efogo et al., 2021). Although value chains represent an undeniable asset for the structural transformation of Sub-Saharan African economies (Avom and Nguekeng , 2020), African countries remain at the very bottom of the ladder (ECA, 2015). Indeed, their participation in GVCs is at an insufficient level to guarantee the structural transformation of their economies.

Benin is not on the fringes of these stylized facts. Benin's exports are directed, not towards ECOWAS, but rather towards the rest of the world. For example, exports of fresh and dried pineapple from Benin to the rest of the world are valued at more than USD 300 thousand in 2020 whilethey are almost zero withECOWAS countries (ATC Trade Map, 2022). A survey by the WTO-CIDI Chair (2022) also proved that Benin's exports are generally more concentrated towards the most distant destinations, thus highlighting Benin's low participation in sub-regional trade. In addition, agriculture, which is a key sector of the Beninese economy, not only contains a low level of foreign added value, but also markets products whose exports have low local added value.

In the Face ofthis urgency, this study proposes, on the one hand, to analyse the driving factorsof Benin's participation in GVCs and, on the other hand, to examine the opportunities offered by the implementation of the Free Trade Areaand to understand the challenges to be met with a view to Benin's greater participation in GVCs. Indeed, theAfrican Continental Free Trade Area (AfCFTA)works, among other things, to deepen

the economic integration of the African continent and to promote and achieve inclusive and sustainable socio-economic development.

Keywords: value chains, free trade, economic integration

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THE IMPACT OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) AGREEMENT ON TRADE IN SERVICES – PERCEPTION OF A REGIONAL FINANCIAL SERVICE PROVIDER HEADQUARTERED IN MAURITIUS

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ABSTRACT

Trade in services is experiencing an unprecedented surge at both national and international levels but service providers are not always equipped with the necessary facilities to tap the full potential of the services industry across countries. Hence, theAfrican Continental Free Trade Area (AfCFTA) agreement was instituted to integrate economies by easing access for intra-trade of goods and services across the African continent. This research therefore aims at assessing the determinants of, and barriers to, trade in services in Africa and the wide-ranging implications of this regional agreementon one particular Mauritian financial services provider in terms of its viability to drive growth on the African continent. To achieve these research objectives, the study will adopt the trade in services theory developed by Hoekman (2006) on the importance of liberalisation agreements to assess the impact of regulations, policies, barriers to trade and other various factors on trade flows and productivity of the targeted financial services provider.Essentially, a semi-structured interview methodology will be adopted to measure and examine the impact of the AfCFTA agreement on trade in services for this qualitative study.

Key Words: African Continental Free Trade Area, services trade, trade in Africa, Mauritius and Africa trade, barriers to trade in Africa, determinants of services trade

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ARCHITECTURAL DEVELOPMENT IN INTELLECTUAL PROPERTY RIGHTS (IPRS) TO REGULATE THE CREATION, USE AND EXPLOITATION OF MENTAL OR CREATIVE LABOUR IN THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

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ABSTRACT.

In this world; with its billions of people and, *inter alia*, with easy access to the internet and other technological facilities online by one and all; it is so easy in contrast to copy and reproduce the intellectual property works in all its form even when people live far away from one continent to another (Silbey, 2015). However, it is difficult to know exactly who is illegally infringing the intellectual property rights of others when they live thousands of kilometres apart. Therefore, it is urgent to protect the intellectual property rights of all citizens of this world especially for those who are genius, creators and innovators to promote commerce, or business against those who, *mala fide*, are exploiting their mental and creative labour to make money illegally, unfairly and, over and above, it is a criminal offence. Thus, Intellectual Property Rights (IPRs) regulate the creation, use and exploitation of mental or creative labour and it prevents third parties from becoming unjustly enriched by reaping what they have not sown (Vivant, 1997). Not only individuals are involved in this sort of illegal traffic of the mind and creation but multinational companies worldwide, including developed countries, also reproduce in all its forms the intellectual property of other companies unfairly and unreasonably (Sterk, 1996). It includes film industries, pharmaceutical industries, motor industries, soft drink or musical industries just to name a few but this list is not exhaustive. Though the first international convention appears in the late nineteenth century with the *Paris Convention 1883* (*infra*), Intellectual Property Law becomes now a branch of the law and start to develop promptly in the form of fundamental rights such as freedom of thought[8] and related, *inter alia*, international conventions and legislations which protects some of the finest manifestations of human achievement. It covers a wide spectrum of industrial property rights such as designs, patents, trademarks, copyright, industrial designs and geographical indications but this list, however, is not exhaustive. How does the small Republic of Mauritius, which is a powerful partner in the Regional Economic Partnership Agreements (REPAs), deals with infringements to IPRs to curb this scourge, and to enhance its economy both on the African continent and worldwide? With relevant sources of law on Mauritian IPRsand its mixed system, and coupled with conventions and protocols that it has signed and ratified, and in a nutshell, the authors shall demonstrate to what extent the architectural development in intellectual property rights (IPRS) to regulate the creation, use and exploitation of mental or creative labour in the AfCFTA (Norman, 2004). And what shall come out of this this paper shall probably encourage all AfCFTA Member States, if they have not done so, to sign and ratify relevant conventions

[8] Section 11(1) Mauritian Constitution 1968.

and protocolsto protect their citizens against abuses perpetrated by intellectual property rights violators (Cornish,1999).

Key words. IPRs, Conventions and protocols, legislations and sources of law, AfCFTA

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THE OPPORTUNITIES AND CHALLENGES OF AfCFTA: IMPLICATIONS FOR SMES IN MAURITIUS.

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ABSTRACT

The African Continental Free Trade Area (AfCFTA) agreement, which binds 55 countries together, was signed on 01 st January 2021 and has the potential to unlock and spark Africa's growth. The small and medium enterprises (SMEs) in Mauritius can benefit from various opportunities with the creation of this regional market place, which promotes trade liberalization policies and a reduction in tariffs. This might be particularly helpful for SMEs to overcome the major economic challenges caused by the COVID 19 pandemic and the Russia-Ukraine war. Indeed, AfCFTA will boost intra-African trading, thereby making it easier for Mauritian SMEs to explore and exploit new markets. As such, the SMEs will increase their visibility, enlarge their customer base, speed up digitisation, enhance innovation and accelerate revenue growth. Eventually, once the SMEs have become adept at doing business at a regional level, they can build on the knowledge and confidence acquired to proceed further and tap into transcontinental trade. Nevertheless, it is crucial to acknowledge that during their initial attempts to embrace exporting across the region, Mauritian SMEs may face serious challenges, be exposed to high risks and need to acquire new skills. For instance, the new venture will require SMEs to devise a reliable export strategy, carry out appropriate market research, adapt to the difference in customer taste, estimate the export costs and capital outlay required, finance the export plan, and develop a competitive and profitable pricing strategy. It is therefore essential that the Mauritian SMEs are sufficiently equipped so that they are able to capitalize on the opportunities of the AfCFTA agreement. As such, this paper aims at assessing the opportunities and identifying the challenges that the AfCFTA agreement entails for SMEs in Mauritius. This will ensure that the SMEs in Mauritius are fully aware of the resources required to fully exploit the benefits of the trade agreement, while ensuring that they have the necessary tools and skills to overcome most of the potential challenges. This paper therefore resorts to qualitative in-depth interviews in order to obtain more significant insights about the current experiences and challenges related to the AfCFTA agreement for Mauritian SMEs.

Keywords: AfCFTA, Mauritius, SMEs, Opportunities, Challenges

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INTRA-AFRICAN TRADE AND FEMALE ENTREPRENEURSHIP. CAN THE AfCFTA UNLOCK THE POTENTIAL OF AFRICAN WOMEN ENTREPRENEURS?

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ABSTRACT:

This study is the very first attempt to analyze at the macroeconomic level the impact of intra-African trade on female entrepreneurship. Assuming that the African Continental Free Trade Agreement (AfCFTA) will have a positive impact on intra-African trade, the main objective of the study is to estimate the effects of intra-African tradeflows on female entrepreneurship measured by the women business and the law entrepreneurship score provided by the World Bank. The empirical methodology is based on the estimation of an econometric model specified in panel data by the Generalized least squares method. Data are taken from the Gender Statisticsdatabaseof the World Bank, the UNCOMTRADE database and the World Development Indicators (WDI) database. The results show that both type of intra-African trade flows, imports and exports, have a positive and significant impact on female entrepreneurship. The impact of intra-African Imports is higher than that of intra-African exports, showing that even countries without a very competitive exporting sector can benefit from the AfCFTAin terms of entrepreneurship. As a factor of eliminating trade barriers between African countries, the AfCFTA will make it possible to intensify intra-African trade and boost female entrepreneurship. However, to enable theAfCFTA to have a more significant impact on women's entrepreneurial process, our results also reveal that African Governments should take additional measures to: (i) eliminate the discriminationsbetween men and women especially in countries where Muslims constitute the majority of the population; (ii) reduce the cost and procedures for business start-up and creation; (iii) increase the participation of women in the labor market; and (iii) improve the quality of physical infrastructure.

Keywords: AfCFTA, International trade, Entrepreneurship, Gender.

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E-COMMERCE IN THE AfCFTA AGREEMENT: WHAT CAN BE EXPECTED FROM THE PROTOCOL ON DIGITAL TRADE?

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ABSTRACT

The African Continental Free Trade Area is considered as a game-changer in intra-continental trade as well as in the global trade architecture. After several delays in its implementation, especially due to the Covid 19 pandemic, the Agreement finally entered into force on 30 May 2019. As at June 2022, 54 member states have signed the Agreement and 43 members have deposited the ratification documents. In this first phase of implementation, four main areas are in the limelight namely trade in goods, trade in services, dispute settlement mechanisms and customs and trade facilitation. A second phase of negotiations is in the making with special focus on intellectual property rights, investment, competition policy, digital trade and women and youth in trade.

Digital trade therefore came in the forefront with the 2nd phase of negotiations. In fact, negotiations were mandated for an Ecommerce Protocol to the African Continental Free Trade Area since January 2021 (Assembly Decisions/AU/4(XXXIII) of 10 February 2020 and Ext/Assembly/AU/Decl.1(XII) of 5 January 2021) and December 2021 was expected to be the deadline for its conclusion. Obviously, these dates were not honoured due to the pandemic and other constraints. However, the negotiations on the Protocol are progressing.

This paper therefore firstly analyses the benefits and challenges faced in the implementation of digital trade on the continent and it secondly considers the main aspects that should be included and considered in the Phase 2 negotiations with regard to digital trade. Topics such as electronic signatures, data protection, consumer protection, inter alia, will be pondered upon.

With high expectations that the digital divide will soon be bridged on the continent, the Protocol on Digital Trade is seen as a new ray of hope and should not deceive all the expectations placed on it.

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