

A BUSINESS GUIDE TO THE AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT



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A Business Guide to the African Continental Free Trade Area Agreement

About the paper

This reference guide provides insights into the business implications of the African Continental Free Trade Agreement, a pillar in the move towards a border-free Africa.

To help businesses bring their voice to the process, the guide provides context for the agreement, highlights on protocols, and the way forward for trade in goods and services as well as for subsequent negotiation areas that include investment, intellectual property rights and competition policy.

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Foreword

At a time when trade is facing incredible headwinds and questions are being raised about the utility of regional integration processes, the Establishment of the African Continental Free Trade Area (AfCFTA), signed in March 2018, is a welcome bright spot. By seeking to deepen economic integration of the African continent by creating a single continental market with free movement of business, people and investments, the AfCFTA is a testament to the power of cooperation and a shared vision.

The projected benefits of the agreement are significant. With expectations of a virtuous cycle of increasing intra-African trade and international investment, the AfCFTA has the potential to make a concrete impact on the lives of ordinary citizens across the continent. By facilitating job creation and greater competitiveness of African micro, small and medium-sized enterprises (MSMEs), the AfCFTA will be a crucial ingredient in lifting people out of poverty and invigorating Africa's growth trajectory. These objectives are to be achieved through successive rounds of negotiations that progressively eliminate tariffs and non-tariff barriers to trade in goods and liberalize trade in services.

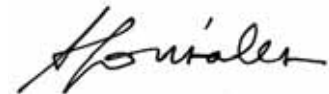
The African business community is a key beneficiary of the agreement. Potential advantages to the private sector include increasing economies of scale and access to cheaper raw materials and intermediate inputs; better conditions for regional value chains and integration into global value chains; catalyzing the transformation of African economies towards greater utilization of technology and knowledge; facilitating both intra-African and external direct capital flows to African countries, and creating a labour market and a demand pull throughout the continent.

To ensure that the private sector can benefit from the African Free Trade Area, it is important that business understands what the AfCFTA and future negotiations will cover. Business should ensure its voice is heard as governments craft and operationalize the agreement. In order to do that, they need to be fully aware of the issues, potential benefits and opportunities and, most importantly, the role they can play.

With this objective, this guide sets out the context and the guiding principles behind the agreement and analyses its provisions. It compares them to existing multilateral and regional trade agreements to identify potential synergies, issues, opportunities and benefits for African business, particularly MSMEs. It also explains the ongoing negotiations and indicates the road ahead for future negotiations in realizing the objectives of the AfCFTA.

This knowledge will enable business to engage effectively in advocacy and public-private dialogue mechanisms to support the negotiations and subsequent implementation of AfCFTA.

Using this guide, we encourage business associations to monitor and participate in the negotiations to help formulate agreements that will improve the regional business and trading environment. ITC will continue working with the African Union Commission, the business community as well as policymakers in the region to increase their understanding of the agreement and how best to take advantage of the benefits of the AfCFTA.



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