



CIPM 2nd International Academic Conference 14th-15th March 2023

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The Challenges of Regional Integration and the Effective Implementation of the AfCFTA



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Background

- ▶ The African Continental Free Trade Area Agreement (AfCFTA) was signed in March 2018 and came into effect on May 30, 2019.
- ▶ The AfCFTA is the largest free trade area in the world in terms of participating countries. It aims to connect more than 1.3 billion people and covers a GDP of \$3.4 trillion.

Background

- ▶ On the other hand, the subject of regional Integration and the topic of Intra-African Trade are not new in Africa.
- ▶ African countries have long been known to collaborate and trade amongst themselves, particularly with the Regional Economic Communities (“RECs”) in their respective regions.

Problem Statement

- ▶ The AfCFTA recognizes the Regional Economic Communities (“RECs”) as the building block for its successful implementation.
- ▶ The following challenges are impediments to the successful implementation of the AfCFTA:
 - Overlapping memberships
 - Fragmented trade norms and practices
 - Lack of institutional capacity in these communities
 - The sub-par performance of majority of the RECs.

Methodology

- ▶ This paper uses a desktop-based research methodology; which entails the use of primary and secondary source materials.
- ▶ The **primary sources** include the African Union Constitutive Act, The Treaty Establishing the African Continental Free Trade Area Agreement, The Treaty Establishing the African Economic Community e.t.c
- ▶ **Secondary Source** materials include journals, newspaper articles and online articles from credible platforms.

Regional Integration in Africa - History and Current Position

- ▶ Unification of Africa through regional integration can be traced to the pre-independence era. In the 18th, 19th and 20th century.
- ▶ A key example of this was the Southern African Customs Union (SACU) which is the oldest customs union in the world as its origin can be traced back to 1889.
- ▶ This was a Customs Union Convention between the British Colony of Cape of Good Hope and the Orange Free State Boer Republic

Regional Integration in Africa - History and Current Position

- ▶ In other regions in Africa, there were agitations for regional integration as a way to break out of colonialism and gain true independence.
- ▶ Different conferences held to these effect which birthed two factions: The **Monrovia group** and **Casablanca group**.
- ▶ The deliberations of these factions led to the establishment of the Organisation of the African Unity(OAU), now known as the African Union (African Union)

Regional Economic Communities

The Arab Maghreb
Union (UMA)

The Common Market
for Eastern and
Southern Africa
(COMESA)

The Community of
Sahel–Saharan
States (CEN–SAD)

The East African
Community (EAC)

The Economic
Community of
Central African
States (ECCAS)

The Economic
Community of West
African States
(ECOWAS)

The
Intergovernmental
Authority on
Development (IGAD)

The Southern African
Development
Community (SADC)

The AfCFTA and Regional Economic Communities

- ▶ RECs as building blocks to successful implementation
- ▶ Trade arrangements with higher levels of regional integration should be maintained
- ▶ RECs will co-exist with the AfCFTA until Africa unites into one single economic unit

Challenges

- ▶ While this approach seems to be logical, these RECs could however be a stumbling block to the implementation of the AfCFTA. These challenges are as follows:
- Multiple Membership leading to unnecessary duplication of processes e.g. Kenya belongs to COMESA and EAC, while Rwanda belongs to ECCAS and EAC

Challenges (Contd)

- No provision for a clear pathway on overlapping membership in the AfCFTA Agreement
- Fragmented Trade Norms and Practices amongst RECs, leading to differences and divergences (the implication of Article 19 (2) of the Treaty Establishing the AfCFTA)
- Poor performance of the RECs

Recommendations

- ▶ The Provisions of the AfCFTA should supercede the provisions of RECs in the areas of conflicts. E.g the doctrine of supremacy in the European Union.
- ▶ RECs should be encouraged to extend best practices to non-member states, albeit under the grounds of reciprocity to reduce the problem of discrimination between RECs.
- ▶ Prompt implementation of the action plan to boost Intra-African Trade for the increased performance of RECs.

Conclusion

- ▶ The African Continental Free Trade Area (AfCFTA) is a crucial step in the journey to unite Africa.
- ▶ As the world's largest free trade area, it presents a significant opportunity for African countries to lift 30 million people out of extreme poverty and raise the incomes of 68 million others who live on less than \$5.50 per day.
- ▶ Thus it becomes pertinent for these challenges to be resolved so that Africans can truly reap the benefits of the AfCFTA.

**THANK YOU FOR
LISTENING!**

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