

CAN AFRICA'S REGIONAL ECONOMIC COMMUNITIES PRODUCE A CONTINENTAL MARKET? PART 2

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The first part of this article reviewed the African Continental Free Trade Agreement (AfCFTA) and the Regional Economic Communities (RECs) to trace regional trade arrangements in Africa and compared the phenomenon with what pertains elsewhere. In this part, we will be appraising the activities of RECs to determine their readiness and willingness to move the needle in the direction of the noble goals of the AfCFTA.

BEFORE THE AfCFTA

Clearly, trade already existed on three levels prior to the 2018 assembly in Kigali, which brought about the AfCFTA agreement.

The first level of commercial interaction was among member states of the African Union, as little as it was. The next level was that within the RECs, created as a response to global trends, showing some gains on the low levels have been recorded amongst members. The

third level can only be measured by combining the other two segments. It now looks as if that story is set to change under the one market architecture of the AfCFTA.

Africa's integration agenda had been set out by the Abuja Treaty which listed the steps that would lead to a single market. Trading activity on the regional front was recognised, as one of the stages towards achieving the goal. The Treaty also laid out its intention to culminate in the creation of a Customs Union.

GETTING AfCFTA READY FOR TAKE-OFF

Article 19(2) of the AfCFTA Agreement confers legitimacy on potential of the RECs to determine the fortunes of the AfCFTA. It foists on State Parties that are members of other regional economic communities, regional trading arrangements, an injunction not to detract from levels of regional integration already agreed amongst themselves. It is predicted that those that have attained higher levels of integration can facilitate trade under the AfCFTA. The clarity of this expression is seen where the EAC common external tariff (CET) provided the basis for the EAC members states' tariff negotiation under the AfCFTA. Whilst it is recognised, that Recs have a had a fair measure of practice, in establishing and operating the rules of regional trading, in compliance with WTO rules, it is commendable to observe the additional steps they are taking, to play by AfCFTA rules. This is understood better, by remembering that from all practical purposes, it is RECs who will settle the outstanding issues and conduct the negotiations regarding tariff and other matters inter se. So, a flurry of capacity building activities is being undertaken intra- RECs in preparation for ensuing negotiations. The issues of focus in the attempt to be ready to trade point to the reality of what each REC considers to be the areas in which it needs to be more competitive. Joint exercises are currently and constantly taking place between RECs and international trade players and institutions in a pluri-lateral formation, to acquire best practices and strategies, which will keep negotiators, financial and private sectors representatives, experts

and observers of RECs busy, equipped and ready to engage. For instance, the United Nations Economic Commission for Africa (UNECA) and the Arab Maghreb Union (UMA) recently rose from an event which analysed the effects of the AfCFTA on Maghreb economies.

On another level, RECs are also helping member states prepare commitments consistent with relevant trade structures. From 3-5 December 2019, the Economic Community of Central African States (ECCAS) hosted national experts from the eleven ECCAS Member States to a three-day regional workshop to prepare the sub region's comprehensive lists of services to be tabled for unhampered trade once borders open. The technical support provided to the member states in drafting the specific lists of commitments especially in the five priority service sectors of the AfCFTA (financial services, transport, telecommunications / ICTs, professional services and tourism) will help each of these states to be ready for the implementation.

RECs seem to be at the forefront of the clamour for member states to ratify and implement subsisting agreements to be able to harness the benefits of full membership. This primarily why the Common Market for Eastern and Southern Africa (COMESA) is urging its member states to take full advantage of the Tripartite Agreement between COMESA, the East African Community (EAC) and the Southern African Development Community (SADC). The 21st COMESA International Trade Fair and High-Level Business Summit was used to rehash the competitive advantages the tripartite agreement will give to its members and how the signatories can assert their rights under the AfCFTA.

Furthermore, RECs are pushing for innovation that will enhance trade within Africa and trade with its global trade partners. COMESA recently signed a €3,000,000 (Three Million Euros) project UNCTAD to establish a customs automation regional support centre.

UNCTAD's Dr Mukhisa Kituyi, believes that technology will be a vital tool for the success of trade in Africa with RECs being the core of the architecture.

Economic Community of West African States (ECOWAS) for its part has shown how RECs are playing an active role for the AfCFTA. The ECOWAS Commission is actively supporting its member states during the negotiations and coordinating their positions through the negotiations. Existing instruments and mechanism such as the Task Force on the Free Movement of Persons and Goods are being touched and amended for member use.

Regional infrastructure plans which have been on the table for decades are being revived; and customs reforms are on the menu, to facilitate and enforce already agreed protocols, on free movement of goods within the region, in preparation for the take-off of AfCFTA.

The experience gained during the adjustment period for implementation of the ECOWAS CET has provided an insight, into some of the expected effects of trade liberalisation under the AfCFTA is yielding some benefits. As such, West African trade groups like the Fédération des Associations des Industriels de l'Afrique de l'Ouest (FAIAO) and the country associations like the Manufacturers Association of Nigeria, are reassured of the fact that ECOWAS has trade defence mechanisms in the event that they may become necessary to protect regional businesses. The ECOWAS Commission is in the driving seat of this process, as a regional custodian.

Various bodies, including the National Offices for Trade Negotiations continue with their internal sensitization programmes for Stakeholders towards preparation for the implementation. Wide consultations with key sectors of the economy is producing the buy-in of stakeholders whose lives and businesses will be impacted.

Laudably, in recent times, private sector and civil society groups have started to shown serious interest and are supporting the RECs on both a regional and continental basis, The partnership amongst the African Union Commission (AUC) ; United Nations Economic

Commission for Africa (UNECA) and the Coalition for Dialogue on Africa (CoDA), led to the first Civil Society Forum on the African Continental Free Trade Area (AfCFTA) themed: “Enhancing Civil Society Engagement in the AfCFTA to Broaden Inclusiveness” on 4 July 2019.

The African private sector is ready to scale up investments and production to supply the AfCFTA market. This is obvious from the active participation and contributions from African private sector organisations such as the Pan-African Chamber of Commerce and Industry, the AfroChampions Initiative, the Pan-African Private Sector Trade and Investment Policy Committee and the African Electronic Trade Group in the AfCFTA.

Furthermore, some of the RECs have also shown their preparedness to take on the items on the priority sector list. ECOWAS now has a regional services policy review document, which highlights areas of common interest within its region and has expressed readiness to support its members in the AfCFTA services negotiation. This underscores its readiness to implement the policies and provisions on the trade in services.

It is also expected that, for the trade in goods, ECOWAS will make use of its initiative relating to infrastructure, project and customs reform to facilitate the free movement of goods within the AfCFTA. A bold step in this regard is the finalization of the dual-carriage way highway along the Abidjan-Lagos corridor and the removal of obstacles to trade along this route.

IS EVERYBODY/EVERYTHING READY

A tour of the RECs readily reveals that the state of readiness is uneven throughout the continent. It is to be admitted that certain zones do not have the connectivity enjoyed by others. There are also member states who may owe allegiances to non- African trading blocks, which have been their partners from colonial times. Some RECs are already operating virtually at Customs Union levels.

Therefore, any planning, negotiation or implementation must have regard for the various levels already attained. Happily, because the Agreement recognises these variations, its provisions envisage, protection of sensitive sectors. It also recognises the weaker economies in the region. This treatment each of these categories currently enjoy in their RCECs again serves as an indication of what structural steps are needed to generate and bolster inclusiveness. The additional bulwark is in the fact that virtually all member states belong to more than one REC.

With both political and financial arrangements working in sync, it is submitted, that Regional Economic Communities are the easiest vehicles for the delivery of AfCFTA.

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