

# AfCFTA – Negotiations and Implementation

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# African Continental Free Trade Area

- Ambitious initiative to integrate the member states of the African Union - a **free trade area** and a **flagship project** of the African Union
- Entry into force: 30 May 2019 (negotiations are not complete)

# Brief update on the AfCFTA negotiations

## Negotiations

- **Phase 1:** negotiations continue: tariffs and some rules of origin and specific commitments for services
- **Phase 2:** investment, competition policy, IPR
- **Phase 3:** e-commerce

**Launch of trade:** 1 January 2021 (Decision by Heads of State on 5 December 2020

‘Interim arrangement’ for trade from 1 Jan 2021:

- Tariff offers (if compliant with agreed modalities) will apply
- Trade possible for products whose rules of origin are agreed
- Reciprocal tariff offers are in place
- State Parties are ‘customs ready’ - tariff book is updated, necessary customs and related processes, procedures are in place

# Legal Architecture of the AfCFTA

## Agreement establishing the AfCFTA

### Phase 1

Protocol on  
Trade in  
Goods

Protocol on  
Trade in  
Services

Protocol on Rules  
and Procedures  
on the Settlement  
of Disputes

#### Annexes

- Schedules of Specific Commitments
- MFN Exemptions
- Air Transport Services
- List of Priority Services
- Framework Document on Regulatory Cooperation

### Phase 2

Protocol on  
Investment

Protocol on  
Competition  
Policy

Protocol on Intellectual Property  
Rights

#### Annexes

- Working Procedures of the Panel
- Expert Review
- Code of Conduct for Arbitrators and Panellists

### Phase 3

Protocol on  
Ecommerce

#### Annexes

- Schedules of Tariff Concessions
- Rules of Origin
- Customs cooperation and mutual administrative assistance
- Trade Facilitation
- Non-tariff barriers
- Technical Barriers to Trade
- Sanitary and Phytosanitary Measures
- Transit
- Trade Remedies
- Guidelines for implementation of Trade Remedies

# Who is negotiating with whom?

Note: RECs and their trade regimes continue

COMESA



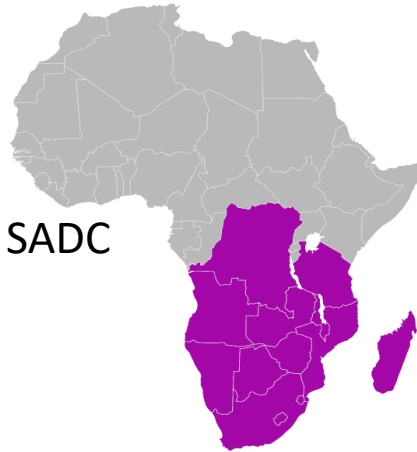
ECOWAS



AMU



SADC



EAC



ECCAS



IGAD



CEN SAD



Boosting intra-Africa trade and new preferential trade opportunities  
(for those countries that are trading without preferences eg South  
Africa (SACU) – Nigeria (ECOWAS))

# Launch of the start of trade under the AfCFTA

ASSEMBLY OF THE AFRICAN UNION  
Thirteenth Extraordinary Session (on the AfCFTA)  
5 December 2020  
Johannesburg, South Africa  
VIRTUAL PLATFORMS (ZOOM)

Ext/Assembly/Dec.1(XIII)  
Original: English

Details are provided  
here

DECISION ON THE START OF TRADING UNDER THE AFRICAN  
CONTINENTAL FREE TRADE AREA (AfCFTA)

ASSEMBLY OF THE UNION  
13<sup>th</sup> EXTRAORDINARY SESSION ON  
THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)  
5 December 2020  
VIDEOCONFERENCE  
Johannesburg, South Africa

Ext/Assembly/AU/Decl.1(XIII)  
Original: English

JOHANNESBURG DECLARATION ON THE START OF TRADING  
UNDER THE AGREEMENT ESTABLISHING THE AFRICAN  
CONTINENTAL FREE TRADE AREA

# Who can export to SA (SACU) under AfCFTA tariffs?

Government Gazette No.44049  
No. R.1429

Date: 2020-12-31

## CUSTOMS AND EXCISE ACT, 1964.. AMENDMENT OF SCHEDULE NO. 1 (NO. 1/1656)

In terms of section 48 of the Customs and Excise Act, 1964, Schedule No. 1 to the said Act is hereby amended, with effect from 1 January 2021, to the extent set out in the Schedule hereto.

DR DAVID MASONDO  
DEPUTY MINISTER OF FINANCE

### SCHEDULE

By the insertion of the following General Note(s) after General Note N in Schedule No. 1:

#### O. DUTIES ON GOODS TO WHICH THE AFRICAN CONTINENTAL FREE TRADE AREA RELATES

1. In this Note and for the purposes of Schedule No. 1, the expression "AfCFTA", or "State Parties" shall refer to the following non-SADC Member States unless otherwise specified in the General Notes in Part 1 of Schedule No. 1:

Country	Date of implementation	Phase down period
Arab Republic of Egypt	1 January 2021	5 years
Democratic Republic of Sao Tome and Principe	1 January 2021	5 years

2. The expression "AfCFTA Agreement" or "Agreement" shall refer to the Agreement establishing the African Continental Free Trade Area and its Protocols, Annexes and Appendices which shall form an integral part thereof.
3. This Agreement enters into force on 1 January 2021.
4. Any rate of duty specified in the AfCFTA column in respect of any heading or subheading of Part 1 of Schedule No. 1 which is lower than the rate of duty specified in the General column applies to imported goods to which such heading or subheading relates if such goods originate in the AfCFTA States or a specified AfCFTA State and comply with the other requirements of the AfCFTA Agreement.
5. For the purposes of entry of any imported goods at the lower rate of duty specified in the AfCFTA column the importer shall at the time of entry for home consumption of any consignment produce together with any documents required to be produced in terms of section 39 a valid proof of origin and proof of compliance with the territorial requirement in accordance with the provisions of Part F of the Schedule to the General Notes to Schedule No. 1.
6. The duties specified in the column headed "AfCFTA rate" shall be suspended if the following conditions to the SACU offer are not met -
- (i) Reciprocity from partners on overall tariff coverage and phase-down periods;
  - (ii) The five-year phase down period to Developing Countries is reciprocated;
  - (iii) LDCs have a phase-down period not exceeding ten years;
  - (iv) The phase down proposed by Customs Unions that include developing country members in their Membership, is reciprocated;
  - (v) Where offers are not made effective on 1 January 2021, including by retrospective application, the opening of the SACU market will be aligned to the implementation date of the trading partner, subject to technical scrutiny of that offer.
7. The suspension in terms of paragraph 6 will be the Minister of Trade, Industry and Competition submits written confirmation to the Minister of Finance that benefits of State Parties have been suspended.

BUT: Botswana has not yet ratified the AfCFTA – so no trade is possible yet for any SACU Member State

# Updated tariff book - applicable from 1 Jan 2021



Heading / Subheading	CD	Article Description	Statistical Unit	Rate of Duty					
				General	EU	EFTA	SADC	MERCOSUR	AfCFTA
0304.39	1	-- Other	kg	25%	10%	free	free	25%	25%
<b>0304.4</b>		- <b>Fresh or chilled fillets of other fish:</b>							
0304.41	5	-- Pacific salmon ( <i>Oncorhynchus nerka</i> , <i>Oncorhynchus gorbusha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tshawytscha</i> , <i>Oncorhynchus kisutch</i> , <i>Oncorhynchus masou</i> and <i>Oncorhynchus rhodurus</i> ), Atlantic salmon ( <i>Salmo salar</i> ) and Danube salmon ( <i>Hucho hucho</i> )	kg	25%	10%	free	free	25%	25%
0304.42	1	-- Trout ( <i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i> , <i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i> )	kg	25%	10%	free	free	25%	25%
0304.43	8	-- Flat fish ( <i>Pleuronectidae</i> , <i>Bothidae</i> , <i>Cynoglossidae</i> , <i>Soleidae</i> , <i>Scophthalmidae</i> and <i>Citharidae</i> )	kg	25%	10%	free	free	25%	25%
0304.44	4	-- Fish of the families <i>Bregmacerotidae</i> , <i>Euclichthyidae</i> , <i>Gadidae</i> , <i>Macrouridae</i> , <i>Melanonidae</i> , <i>Merlucciidae</i> , <i>Moridae</i> and <i>Muraenolepididae</i>	kg	25%	10%	free	free	25%	25%
0304.45	0	-- Swordfish ( <i>Xiphias gladius</i> )	kg	25%	free	free	free	25%	25%
0304.46	7	-- Toothfish ( <i>Dissostichus spp.</i> )	kg	25%	free	free	free	25%	25%
0304.47	3	-- Dogfish and other sharks	kg	25%	10%	free	free	25%	25%
0304.48	9	-- Rays and skates ( <i>Rajidae</i> )	kg	25%	10%	free	free	25%	25%



# Fruit – fresh and dried

Date: 2021-03-10

SCHEDULE 1 / PART 1 / SECTION II

Customs & Excise Tariff

Heading / Subheading	CD	Article Description	Statistical Unit	Rate of Duty					
				General	EU	EFTA	SADC	MERCOSUR	AfCFTA
<b>08.06</b>		<b>Grapes, fresh or dried:</b>							
0806.10	1	- Fresh	kg	4%	free	4%	free	4%	3,2%
0806.20	6	- Dried	kg	10%	free	10%	free	10%	8%
<b>08.07</b>		<b>Melons (including watermelons) and papaws (papayas), fresh:</b>							
<b>0807.1</b>		<b>- Melons (including watermelons):</b>							
0807.11	1	-- Watermelons	kg	15%	free	15%	free	15%	15%
0807.19	2	-- Other	kg	15%	free	15%	free	15%	15%
0807.20	7	- Papaws (papayas)	kg	15%	free	15%	free	15%	15%
<b>08.08</b>		<b>Apples, pears and quinces, fresh:</b>							
0808.10	9	- Apples	kg	4%	free	4%	free	4%	3,2%
0808.30	8	- Pears	kg	4%	free	4%	free	4%	3,2%
0808.40	2	- Quinces	kg	4%	free	4%	free	4%	3,2%
<b>08.09</b>		<b>Apricots, cherries, peaches (including nectarines), plums and sloes, fresh:</b>							
0809.10	2	- Apricots	kg	4%	free	4%	free	4%	3,2%
<b>0809.2</b>		<b>- Cherries:</b>							
0809.21	3	-- Sour cherries (Prunus cerasus)	kg	4%	free	4%	free	4%	3,2%
0809.29	4	-- Other	kg	4%	free	4%	free	4%	3,2%
0809.30	1	- Peaches, including nectarines	kg	4%	free	4%	free	4%	3,2%
0809.40	6	- Plums and sloes	kg	4%	free	4%	free	4%	3,2%

# Update on Rules of Origin negotiations

The definition of value added, the rules for goods produced in Special Economic Zones, and some product specific rules (eg garments) are still being negotiated

# Details of ongoing negotiations

For some HS chapters, all RoOs are still to be negotiated

Fish (Chapter 3), articles of leather (Chapter 42), knitted/crocheted fabrics (Chapter 62), knitted/crocheted apparel and clothing accessories (Chapter 61), and not knitted/crocheted apparel and clothing accessories (Chapter 62)

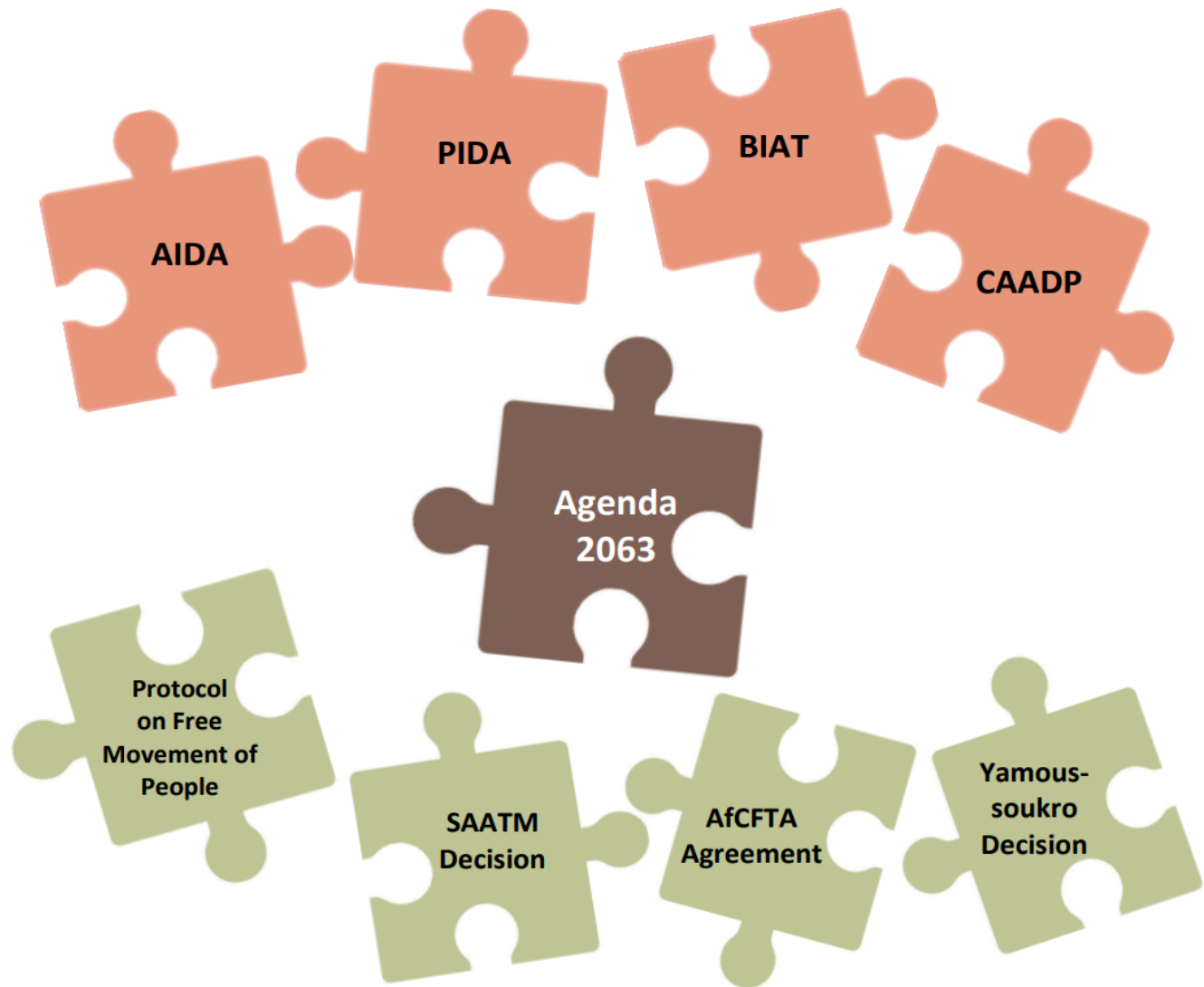
For some HS chapters some RoO are still being negotiated

HS Chapter	Chapter name	RoO outstanding for specific products in the HS chapters
4	Dairy, eggs, and honey	Buttermilk and cheese
11	Products of the milling industry	Wheat and meslin flour
15	Animal or vegetable fats and oils	Fish fats & oils; soybean, palm, sunflower-seed, mustard oil, and vegetable waxes
16	Preparations of meat, and fish	Prepared and preserved fish and seafood
17	Sugars and sugar confectionery	Apart from molasses, the entire chapter
20	Preparations of vegetables, fruit, and nuts	Cranberry, other juice, and mixtures of juice
23	Residues and waste from the food industries; prepared animal fodder	Flours, meal, and pellets unfit for human consumption, and animal feed preparations
24	Tobacco and manufactured tobacco substitutes	Tobacco products, and other manufactured tobacco
51	Wool	Woven fabrics of wool
52	Cotton	Apart from cotton and cotton waste, the entire chapter
53	Other vegetable textile fibres	Woven flax fabrics
54	Man-made filaments	Woven fabrics of man-made filaments
55	Man-made staple fibres	Woven fabrics of man-made staple fibres
58	Special woven fabrics	Woven fabrics, gauze, tulle, narrow woven fabrics, and embroidery
63	Other made-up textile articles	Blankets, bed linen, curtains, other furnishings, sacks and bags, tarpaulins, and second-hand clothes
87	Vehicles	Apart from baby carriages and parts and accessories under HS8714, the entire chapter

# Effective implementation of the AfCFTA...

- Larger markets, economies of scale and scope, attracting new market entrants (e.g. small scale enterprises/start-ups)
- Digital trade developments (improvements in trade facilitation – digital trade solutions; e-commerce opportunities)
- Attracting FDI (both intra-Africa, and from global sources) – important to boost and diversify productive capacity
- Leveraging the AfCFTA as a **flagship project** (synergies with other flagship projects)
- Complementary initiatives and governance improvements

# AfCFTA is also a flagship project of the AU



# Complementary initiatives - Afreximbank supporting AfCFTA

Afreximbank is rolling out Quality Assurance Centres to Support Compliance with International Standards and Technical Regulations

<https://www.afreximbank.com/afreximbank-rolling-out-quality-assurance-centres-to-support-compliance-with-international-standards-and-technical-regulations/>

The African Export-Import Bank (Afreximbank) has announced a \$1billion AfCFTA Adjustment Facility, to support countries that may suffer revenue losses during the implementation process of the AfCFTA

<https://newafricanmagazine.com/19145/>

# Pan African Payments and Settlements System (PAPSS)

A centralised payment and settlement infrastructure for intra-African trade and commerce payments

Developed in collaboration with the African Export-Import Bank, Afreximbank, PAPSS will facilitate payments (some informal trade may be channelled through this system too)

An alternative to current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost and risk-controlled payment clearing and settlement system.

Addressing cross-border payment challenges, and some forex challenges (perhaps)

Pilot expected in April 2021

# And other developments too – African Medical Supplies Platform

African Medical Supplies Platform (AMSP) - launched by President Cyril Ramaphosa (2020 Chairperson of the African Union).

Provides access to an African and global base of vetted manufacturers and strategic procurement partners to enable AU Member States to purchase certified medical equipment (e.g. PPE)

Afreximbank facilitates payments; logistics partners including African national carriers and global freight forwarders will do delivery.

Strong focus on supporting Africa's manufacturers (Afreximbank has developed a \$3-bn Pandemic Trade Impact Mitigation Facility (PATIMFA), of which \$200 mn has been reserved to support food production as well as the manufacture and trade in medical equipment and supplies (AfCFTA – AIDA link)

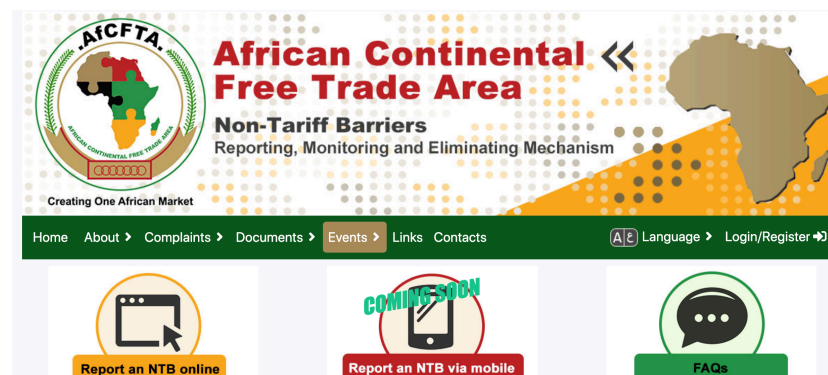


# Supporting effective implementation

## African Trade Observatory

(ATO): Provides reliable trade-related data, information on market conditions, regulations, registered exporters/importers etc.

<https://ato.africa/en>



AfCFTA Online Mechanism for Reporting, Monitoring and Elimination of NTBs

<https://tradebarriers.africa>

Concluding remarks