

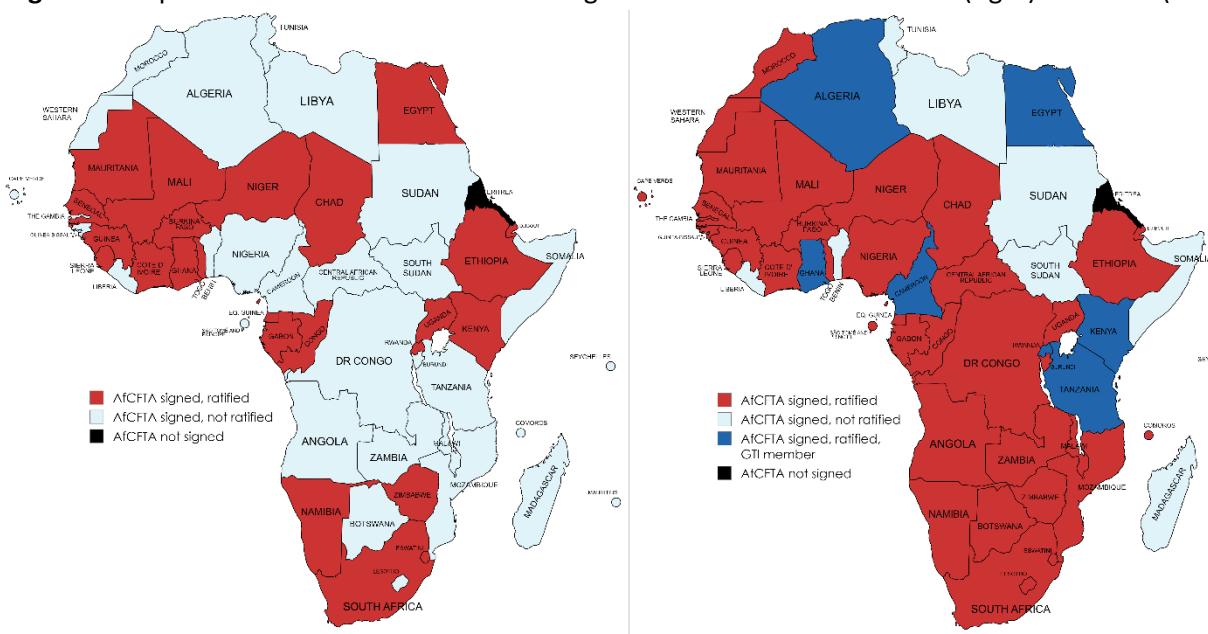
African Continental Free Trade Area Status and Efforts to Support Trade

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The operational phase of the African Continental Free Trade Area (AfCFTA) of the African Union (AU) was launched on July 7, 2019. In 2022, a small number of AfCFTA member countries (Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia) started the AU's Guided Trade Initiative (GTI); while Algeria joined as of December 2023.¹ Trade under the GTI has been limited to start, but researchers estimate that the AfCFTA has the potential to increase intra-African trade, as well as SSA countries' GDP and per capita income.² This briefing discusses what has been traded so far as part of GTI and AfCFTA efforts to support trade.

Status of the Agreement The AfCFTA has shown strong political momentum. Since the launch of AfCFTA operations in 2019, the agreement has been signed by 54 out of 55 African Union (AU) member countries, and 47 of these countries have ratified the agreement via their national legislative institutions, figure 1.³

Figure 1. Maps of countries in Africa that have signed or ratified AfCFTA in 2019 (right) and 2023 (left)



Note: Signing is a commitment to the AfCFTA, while ratification means national legal instruments are complete.

Source: Trade Law Centre South Africa (Tralac), [2019 and 2023 Status Updates](#).

Trade under the Agreement Although the 54 members of the AfCFTA are at different stages of implementation, key negotiations have been finalized, and limited trade has occurred under the GTI.⁴ The GTI is a pilot program

¹ AU-AfCFTA, "[The AfCFTA Guided Trade](#)," October 7, 2022; Telesur, "[Algeria Joins](#)," December 18, 2023.

² Okwach, "[Africa's Free Trade On Track](#)," January 6, 2023; Saygili, Peters, and Knebel, [Africa Continental Free Trade Area](#), February 2018; Abrego et al., [The African Continental Free Trade Area: Potential Economic Impact](#), May 13, 2020, 19-25.

³ Eritrea has declined to sign the AfCFTA agreement, citing a preference to focus on regional integration. AU, [Decision on the Launch](#), July 7, 2019; Tralac, "[Status of AfCFTA Ratification](#)," September 6, 2023; Kidane, [Why Eritrea had Delayed](#), March 2021, 1736-37.

⁴ Bama, "[What Have We Learned from the AfCFTA Guided Trade Initiative?](#)," June 2023, 5.

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matching importers and exporters to test the newly implemented trade protocols.⁵ While some AfCFTA details are still being finalized, AfCFTA members that have verified their provisional schedules of tariff concessions are eligible to begin trade under the AfCFTA preferential rules as part of the GTI and backed by the AU Ministerial Directive 1/2021.⁶ The countries participating in the GTI program are Algeria, Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia.⁷ The program was launched on October 7, 2022, when Kenya exported shipments of tea and car batteries to Accra, Ghana. This shipment was reportedly the Nairobi-based Associated Battery Manufacturers Ltd.'s first entry into the West African market.⁸ A total of 96 products are eligible to be traded under the GTI.

Reported Challenges Faced by GTI Importers and Exporters While there has been increased momentum to increase trade within the AfCFTA and reportedly 35 more countries are expected to join the GTI in the near future, both importers and exporters have described various trade-related challenges.⁹ For example, the first companies exporting within the GTI noted that staff in the importing country's customs office were not familiar with new tariff levels, introducing errors in final duty costs and consumer pricing.¹⁰ Additionally, basic capacity issues within countries of lower development levels create challenges both with physical transportation of traded goods as well as enforcement of ROOs and other obligations.¹¹ Exporters of agricultural products also noted that a lack of standardization amongst testing and certification between AfCFTA members have created additional barriers to trade.¹² However, education and increased cooperation may help GTI traders overcome these challenges.¹³

AfCFTA efforts to support intra-trade Though the AfCFTA tariff phase out will not conclude until 2034, a number of programs implemented under the agreement have already been initiated.¹⁴ The AfCFTA Adjustment Fund Corporation was established to provide countries and private entities with financing, technical assistance, grants, and compensation funding to address losses that occur due to tariff reductions.¹⁵ In addition, the Pan-African Payments and Settlements System (PAPSS) coordinates between central banks and the Afreximbank to work across multiple currencies and enable instantaneous transactions in a buyer's home currency.¹⁶ To address non-tariff trade barriers, AfCFTA members have initiated an online non-tariff barrier reporting, monitoring, and eliminating mechanism.¹⁷

⁵ AU, "[The Application of Provisional Schedules](#)," October 21, 2021; AU-AfCFTA, "[The AfCFTA Guided Trade Initiative](#)," October 7, 2022.

⁶ AU, "[The Application of Provisional Schedules](#)," October 21, 2021; AU-AfCFTA, "[The AfCFTA Guided Trade Initiative](#)," October 7, 2022; AU-AfCFTA, [Rules of Origin Manual](#), July 2022, 1.3; Mold and Mangeni, *Foresight Africa*: "[Chapter 4 How to Catalyze AfCFTA](#)," January 2024.

⁷ AU-AfCFTA, "[The AfCFTA Guided Trade Initiative](#)," October 7, 2022; Telesur, "[Algeria Joins](#)," December 18, 2023.

⁸ Rao, "[AfCFTA's Guided Trade](#)," October 12, 2022; Diallo, "[The African Continental Free Trade](#)," January 26, 2023.

⁹ Changole, "[African Bloc to Expand Free-Trade Pilot](#)," January 16, 2024; Sec. Gen. Mene, [Brookings Event](#), April 10, 2024.

¹⁰ Kagina, "[A Year of Trading under AfCFTA](#)," October 5, 2023; Bama, "[What Have We Learned from the AfCFTA Guided Trade Initiative?](#)" June 2023, 4.

¹¹ Ighobor, "[One Year of Free Trading in Africa](#)," January 4, 2022; Bama, "[What Have We Learned from the AfCFTA Guided Trade Initiative?](#)" June 2023, 4.

¹² Kagina, "[A Year of Trading under AfCFTA](#)," October 5, 2023.

¹³ Ighobor, "[One Year of Free Trading in Africa](#)," January 4, 2022; Yedder, "[Pan African Payments and Settlements Platform](#)," October 7, 2021.

¹⁴ Mold and Mangeni, *Foresight Africa*: "[Chapter 4 How to Catalyze AfCFTA](#)," January 2024.

¹⁵ Afreximbank, "[Inaugural Board Meeting of the AfCFTA Adjustment Fund](#)," October 6, 2023.

¹⁶ Yedder, "[Pan African Payments and Settlements Platform](#)," October 7, 2021.

¹⁷ AU-AfCFTA, "[The Online Mechanism](#)," accessed February 14, 2024.