KWA-ZULU NATAL INVESTMENT CONFERENCE

STATE OF INTRA-AFRICA TRADE & SOUTH AFRICA'S REGIONAL INTEGRATION FRAMEWORKS

11 NOVEMBER 2024

AFRICA CONTINENTAL FREE TRADE AREA PRESENTAION OUTLINE

- Global Context & Africa’s Market Position
- South Africa’s Export Performance Since 1994
- Intra-Africa Trade Trends
- Challenges Affecting Intra-Africa Trade
- Infrastructure & Industrial Development in Africa
- Economic Integration for Africa & South Africa’s Regional Frameworks
- Opportunities arising from Market Integration

GLOBAL CONTEXT & AFRICA'S MARKET POSITION

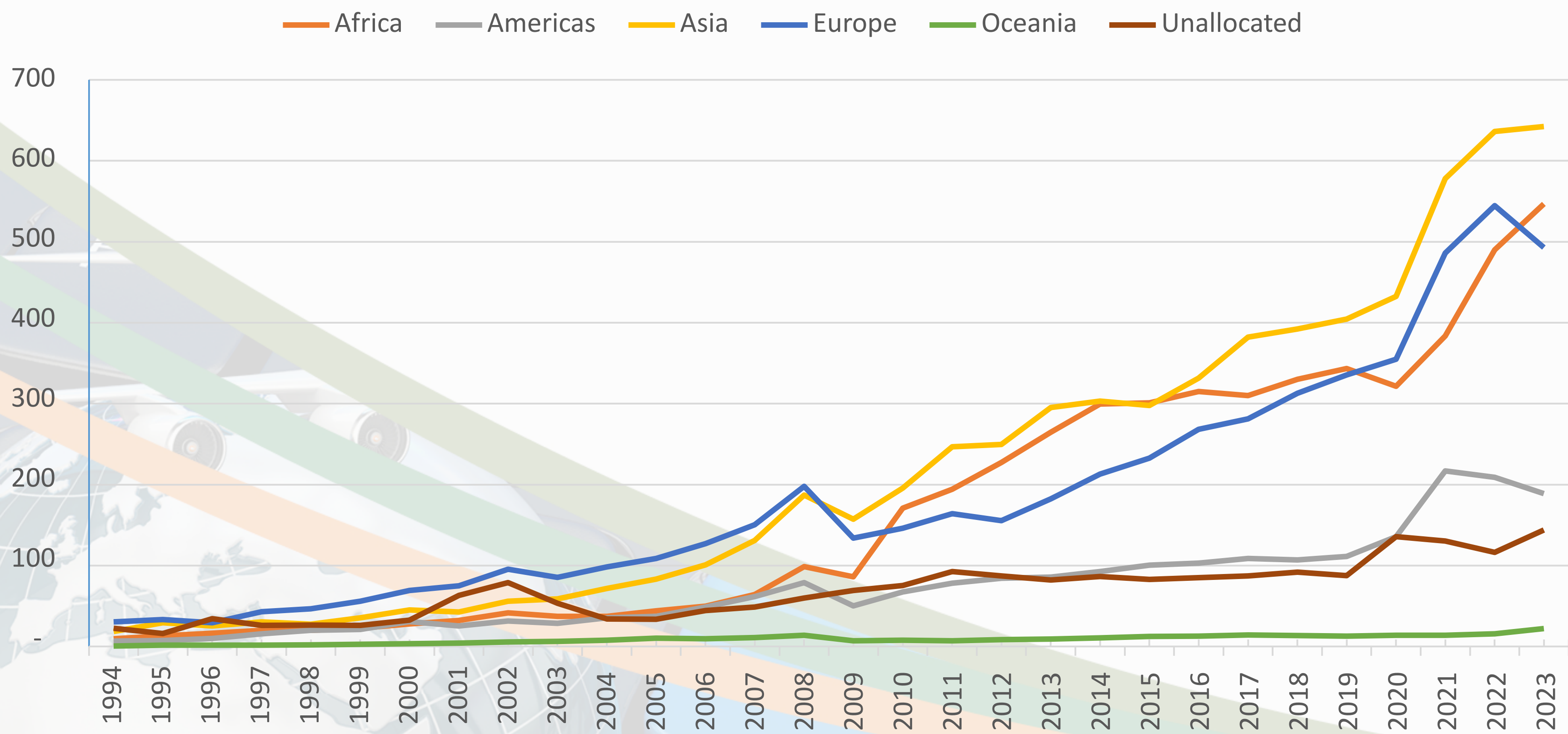
- Africa has 17% of world population but just 4% of global GDP, and 2% of world manufacturing.

- Africa's share of global trade is approximately 3%.

- Intra-Africa trade averages 15% of Africa's total trade; Low compared to intra-Asian trade (59%), intra-North American trade (49%), and intra-EU trade (66%).

- However, African markets are vital to African exporters:
  - 22 African countries count other African countries as their main export market
  - 5 count it as their second most important market
  - Over three quarters of intra-African trade is within regional trading blocs
  - while Africa's exports to the rest of the world are dominated by commodities, Intra-Africa trade is largely in value-added manufactured products.

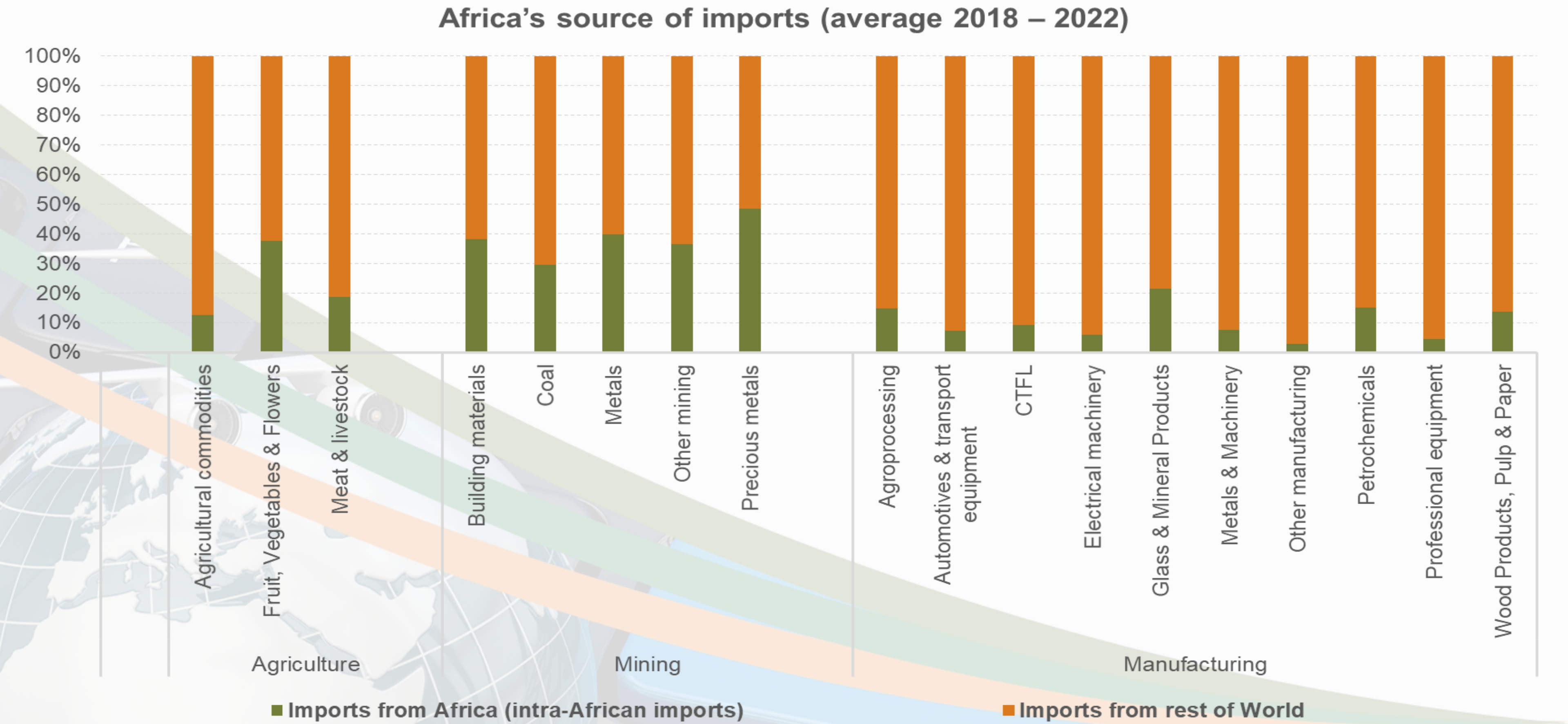
SOUTH AFRICA'S EXPORT PERFORMANCE 1994-2023



Source: DNA Economics based on mirror data from ITC

INTRA-AFRICA TRADE TRENDS 2018-2022

INTRA-AFRICA TRADE IS STILL EXTREMELY LOW



Source: DNA Economics based on mirror data from ITC

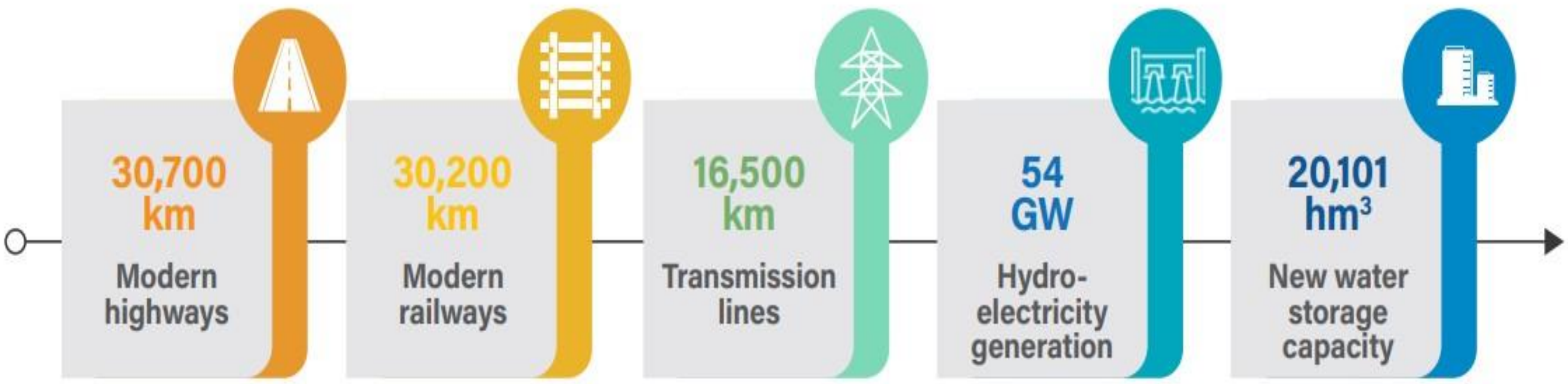
CHALLENGES AFFECTING INTRA-AFRICA TRADE

1. Lack of adequate cross-border infrastructure
2. Low levels of industrialization
3. Fragmented markets
4. Inefficient borders and ports
5. Lack of harmonized trade rules
6. Economic Asymmetry
7. Multiple regional economic memberships

1. PIDA
2. AIDA
3. CAADP
4. AMDC
5. AFCFTA
6. OSBP

PIDA TRANSPORT INFRASTRUCTURE MODES

PIDA TARGET PROJECTS 2012 -2040



- **Achievements:**
- 16,066 km of modern highways completed.
- 4,000 km of modern railways constructed.
- 30 million people gained access to electricity enhancing overall access to electricity at around 44%;
- Intra-Africa exports increased to 16% due to road and rail infrastructure;
- ICT broadband penetration is now more than 25%, exceeding the 10% target
- **US$ 360 Billion**.

LOOKING INTO THE FUTURE

ECONOMIC INTEGRATION FOR AFRICA & SOUTH AFRICA'S REGIONAL FRAMEWORKS

- African integration is a longstanding continental objective.

- The AfCFTA, a flagship project of the AU's Agenda 2063, to build an integrated market anchored on the **Development Integration Approach**.

- South Africa's Economic integration frameworks will thus be anchored through ***SACU***, ***SADC Trade Protocol***, ***TFTA*** and the ***AfCFTA***.

Which countries have ratified the AfCFTA Agreement?

- **54 Signed**
- **48 Ratifications**
- **16 Started Trading**

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Listed by date on which the AfCFTA instrument of ratification was deposited with the AUC Chairperson

1.	Ghana	10-05-2018
2.	Kenya	10-05-2018
3.	Rwanda	26-05-2018
4.	Niger	19-06-2018
5.	Chad	02-07-2018
6.	Eswatini	02-07-2018
7.	Guinea	16-10-2018
8.	Côte d'Ivoire	23-11-2018
9.	Mali	01-02-2019
10.	Namibia	01-02-2019
11.	Uganda	09-02-2019
12.	South Africa	10-02-2019
13.	Republic of the Congo	10-02-2019
14.	Djibouti	11-02-2019
15.	Mauritania	11-02-2019
16.	Senegal	02-04-2019
17.	Togo	02-04-2019
18.	Egypt	08-04-2019
19.	Ethiopia	10-04-2019
20.	The Gambia	16-04-2019
21.	Sahrawi Arab Democratic Rep.	30-04-2019
22.	Sierra Leone	30-04-2019
23.	Zimbabwe	24-05-2019
24.	Burkina Faso	29-05-2019
25.	São Tomé and Príncipe	27-06-2019
26.	Equatorial Guinea	02-07-2019
27.	Gabon	07-07-2019
28.	Mauritius	07-10-2019
29.	Central African Rep.	22-09-2020
30.	Angola	04-11-2020
31.	Lesotho	27-11-2020
32.	Tunisia	27-11-2020
33.	Cameroon	01-12-2020
34.	Nigeria	05-12-2020
35.	Malawi	15-01-2021
36.	Zambia	05-02-2021
37.	Algeria	23-06-2021
38.	Burundi	26-08-2021
39.	Seychelles	15-09-2021
40.	Tanzania	17-01-2022
41.	Cape Verde	05-02-2022
42.	Democratic Rep. of the Congo	23-02-2022
43.	Morocco	20-04-2022
44.	Guinea-Bissau	27-09-2022
45.	Botswana	19-02-2023
46.	Comoros	19-02-2023
47.	Mozambique	05-07-2023
48.	Liberia	31-07-2024

THE AfCFTA BENEFITS

- Enhance intra-African trade through:
  - Progressive elimination of tariffs
  - Rules to manage non-tariff barriers
  - Facilitate cooperation on customs, trade facilitation and transit
  - Enhanced cooperation on technical barriers to trade and sanitary and phyto-sanitary measures

- Enhance legal certainty and predictability of market access

- Establish due process in resolution of trade disputes

- Can stimulate Africa's industrial development and employment

- Can enhance investor climate in Africa and new market access opportunities

PROGRESS IN AfCFTA NEGOTIATIONS AND IMPLEMENTATION

<u>(1) Trade in Goods: Tariff offers</u>

- **90%** of tariff schedules - Over 5 to 10 years period.
- **7%** of sensitive tariff lines in the tariff schedule - 10 to 13 years period.
- **3%** excluded from tariff liberalisation.
- Preferential trade under the AfCFTA was launched on 1 January 2021.

<u>(2) Trade in Goods, Rules of Origin:</u>

- RoO have been agreed on 92.4% tariff lines. The remaining 7.6% includes Textiles & Clothing, & Automotives
- RoO are concluded on all steel products and included under 90% category.
- Negotiations underway to finalise outstanding RoO before the next Summit in February 2025.

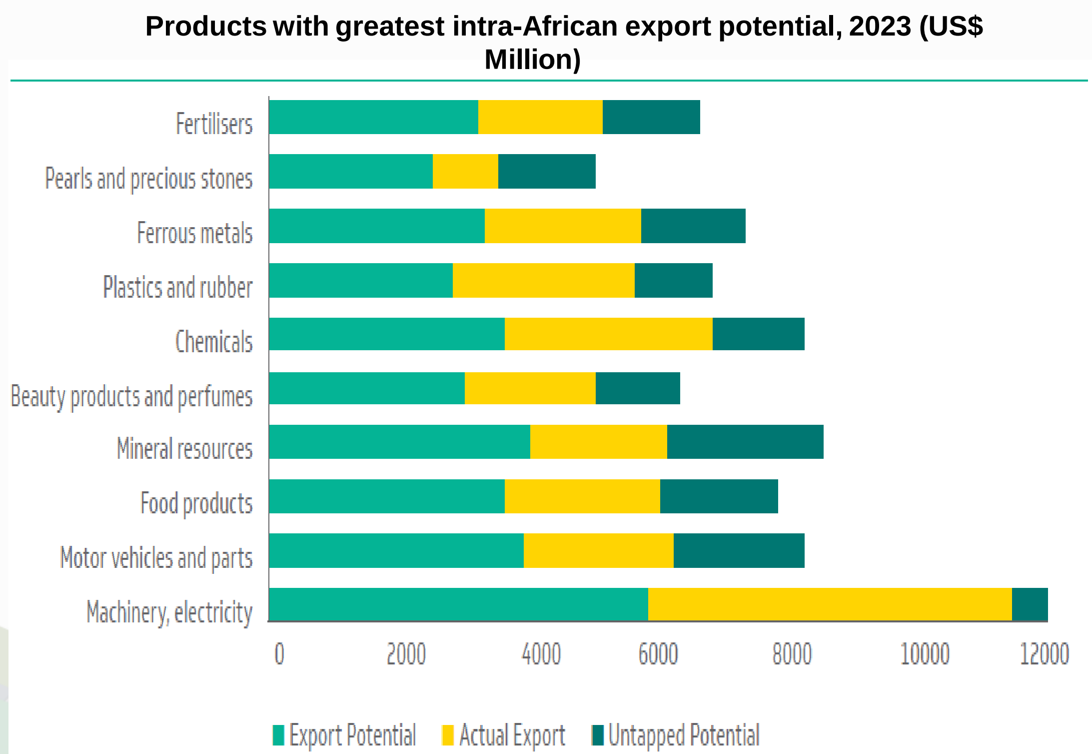
<u>(3) Trade in Services:</u>

- Current negotiations in 5 Priority sectors: Finance, Tourism, **Transport**, Communication, and Business Services.

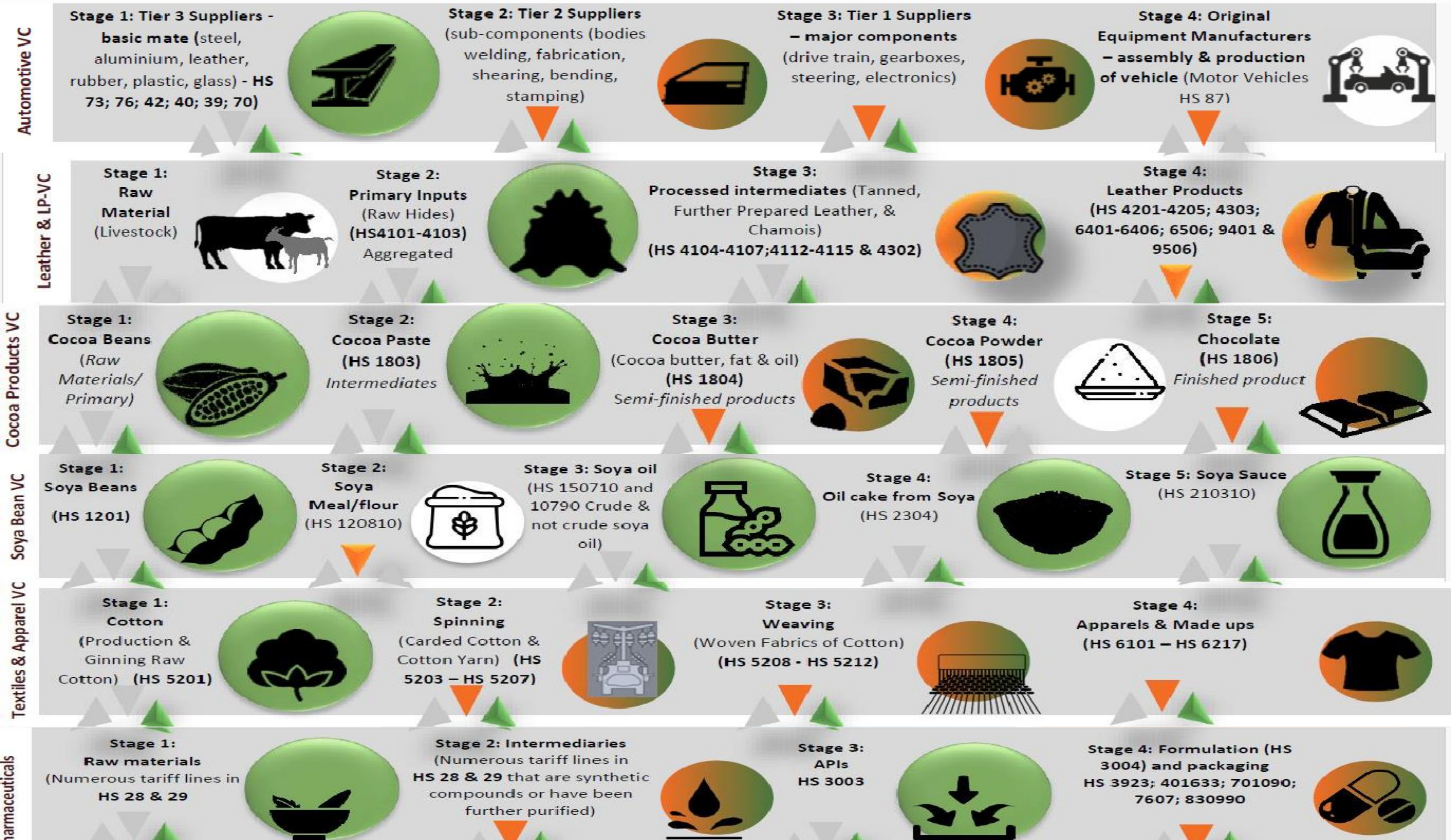
OUTLOOK, BENEFITS AND OPPORTUNITIES

1. USD 3.4 Trillion.
2. 33 per cent Intra-Africa Trade
3. Continental Trade deficit cut by 51 per cent
4. Exports to the rest of the world to grow by 32 per cent
5. Real income increases of 9 per cent
6. 50 Million people to escape extreme poverty

Source: UNCTAD



OPPORTUNITIES FOR THE DEVELOPMENT OF CROSS-BORDER INDUSTRIAL VALUE CHAINS UNDER THE AFCFTA

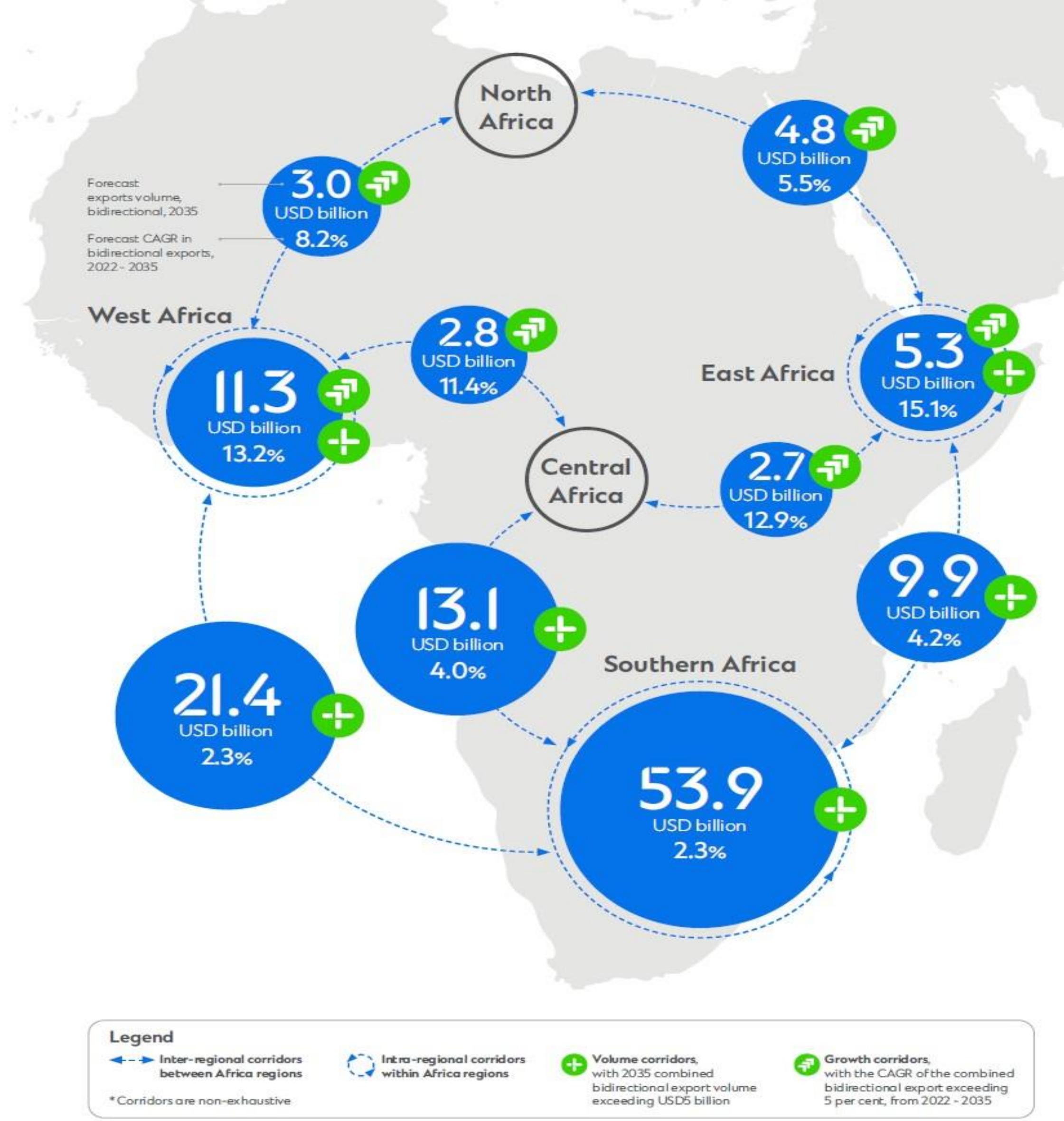


Major Intra-Africa Trade Corridors to Watch 2035

Double digit growth in intra-regional trade in West and East Africa

Double digit growth in trade between West-Central Africa and Central –East Africa

Southern Africa to continue to dominate intra-regional trade



PRIVATE SECTOR PARTICIPATION

- The AfCFTA Secretariat developed **Private Sector Portal** to support State Parties in facilitating their private sector at the national level including business-to-business matchmaking to allow potential partners, buyers and investors within the private sector to connect with other businesses that align with their goals. The link to the AfCFTA Secretariat Private Sector Portal is as follows: https://bit.ly/3wfp0MF
- AfCFTA Business Forums – Biashara Forum, 2024
- **The dtic** has embarked on provincial outreach and awareness workshops in collaboration with provincial governments and industry. This is done on a continuous basis.
- **The dtic** is also developing an AfCFTA implementation plan, including the establishment of a **National Implementation Committee** and a targeted strategy (including export strategy) for the implementation of the AfCFTA - coordinated effort to maximise opportunities and minimise challenges.
- **Export Trading Companies**.

INITIATIVES TO COMMENCE AND ACCELERATE TRADE UNDER THE AFCFTA

October 2022

1. Cameroon
2. Egypt
3. Ghana
4. Kenya
5. Mauritius
6. Tanzania
7. Rwanda
8. Tunisia

Since January 2024

1. Algeria
2. South Africa
3. Morocco
4. Nigeria
5. Botswana
6. Burundi
7. Uganda

Expression of Interest: Gabon, Equatorial Guinea, CAR, Republic of Congo, DRC, Chad, Angola, eSwatini, Lesotho, Malawi, Namibia, Zimbabwe, Cote d' Ivoire, Senegal, Sierra Leone, Togo, Cape Verde, Comoros, Madagascar and Seychelles

Other AfCFTA Initiatives

- **Guided Trade Initiative**
- African Trade Observatory (www.ato.Africa/en)
- Online Reporting, Monitoring and Elimination of NTBs (www.tradebarriers.Africa)
- **Pan-African Payment and Settlement System (PAPSS)**
- Automotive Fund (U$ 1bn)
- African Collaborative Transit Guarantee Scheme (U$ 1 bn)
- AfCFTA Adjustment Facility (U$ 1 bn to increase to U$ 8bn)
- Fund for Export Development in Africa
- **Export Trading Companies**
- Intra-Africa Trade Fair
- E-Tariff Book
- AfCFTA Hub Platform

Thank you

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