With AfCFTA in Mind: New Dawn for Afro-EU Relations?

By:

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There is a feeling that the next decade will be a watershed period in terms of the economic relations between the EU and Africa. Both continents are experiencing sweeping developments that will invariably affect their respective existence and mutual relationships. In Africa, the largest preferential trade area, the African Continental Free Trade Area (AfCFTA), has recently been ratified while in Europe, the EU is navigating the challenges of Brexit. All this is taking place in the backdrop of negotiations between the two blocs to replace the Cotonou Agreement which has since 2000 served as the bedrock of economic relations between the EU and ACP states. How, then, will the Africa-EU relationship be impacted – if at all – by the implementation of AfCFTA?

The AfCFTA, steeped in Kwame Nkrumah's Pan-African dream of continental integration, is recognised by the ACP and the world at large as the continent's best hope of economic liberation. Indeed, Jean-Claude Juncker, the European Commission Chief reiterated the significance of African regional integration and declared that the AfCFTA, if successful, should serve as the primary conduit for

continent-to-continent trade negotiation. Having been signed by 52 African countries, and ratified by 22 of those (the latest being Gambia) the AfCFTA will come into force on 30th May, 2019, leaving us on the edge of exciting times.

Needless to say, much will be expected of the Agreement. The AfCFTA's main objectives are set against the backdrop of boosting intra-African trade from 15% to 25% within the next decade by potentially removing tariffs on 90% of goods while equally reducing non-tariff barriers to trade. The AfCFTA also presents the opportunity for African nations to negotiate with a strategic and coherent voice in the ACP-EU negotiations opportunity for African nations to negotiate with a strategic and coherent voice in the ACP-EU negotiations. An UNCTAD Report projects that this new international clout will also add approximately $17.6bn to Africa's external trade and stimulate exports by $25.3bn. With its focus on SMEs, it is anticipated that the AfCFTA will give African businesses access to larger markets and stimulate employment within the continent.

The picture painted thus far is a rosy one, but that does not paper over the significant challenges facing implementation of the AfCFTA. The first such problem that has plagued regional integration efforts in the postcolonial era is the apparent lack of political will amongst African states. Ratification of the AfCFTA is a commendable step, but the elephant in the room during Gambia's signing ceremony, was Nigeria's glaring absence. Africa's largest economy has thus far refrained from coming on board the integration train, echoing its refusal to sign an Economic Partnership Agreement with the EU. It would be foolhardy to presume that Nigeria's absence will not have the possibility of destabilising the union. At the very least, it will definitely hinder the possibility of AfCFTA reaching its full potential.

The primary reason for certain states' reluctance to sign up to the Agreement is the disparity between levels of economic development between African states. Nigeria and South Africa, for instance, are vastly more economically advanced than Benin and Eritrea. For this reason, stalwarts of protectionism such as Nigeria and the continent's most fragile infant economies like Eritrea have chosen not to join the agreement. The Agreement is also faced with implementation difficulties, perpetuated by the structural and institutional

deficiencies within individual states which has already plagued implementation of WTO as well as REC policies in the continent. Without first addressing these fundamental issues, the AfCFTA is bound to suffer similar problems in implementation.

Nonetheless, these difficulties, are not insurmountable. Owing to the general goodwill displayed following ratification of the Agreement, Africa may finally have a shot at succeeding where it has failed so many times in the past. It is imperative that from this point participating countries must begin discussing inclusive policy measures that bring together the largest economies while not forgetting their smaller counterparts. Such policies must address concerns of heavily agriculturally reliant states (a majority of the membership) and include provisions on labour union concerns, as well as others addressing the manufacturing sectors and SME's vis-à-vis productivity, diversification and healthy competition.

The European Parliament's proposal, 'New Africa – Europe alliance for sustainable investment and jobs: taking our partnership for investment and jobs to the next level', is one such initiative that envisages a preliminary plan for EU-Africa negotiations with AfCFTA at its very core. The EU has prioritised a trade-plus outlook whereby it seeks to strengthen the investment climate in Africa by increasing EU support and promoting Africa as a hub for external investment. Being Africa's largest external investor, the EU's vote of confidence will go a long way towards boosting the continent's profile. However, it is not clear what role the African Union will, or should, play in the ongoing ACP-EU negotiations.

The EU has restated its recognition of the diversity of African economies which have up to this point been pooled together in negotiations held under the Cotonou Agreement umbrella. This is however not entirely correct, as seen above, given that the EU will base its negotiation with Africa as a continent (using the AfCFTA as its point of reference) as opposed to individual countries or regional blocs with relative economic and developmental similarities. It is on this basis that some commentators have gone against the grain to propose emphasis on post-Cotonou EU negotiations based on the arguably more achievable Tripartite Free Trade Area (TFTA), which already combines three

major blocs (SADC, EAC and COMESA) with membership exceeding half of all African countries. Unlike the AfCFTA which is barely crawling, the TFTA is sauntering along with 90% of tariff lines already drawn.

The EU is keen to play a key role in the successful implementation of AfCFTA and recognises its significance for the post-2020 negotiations. Indeed, if Europe fails to take advantage of the trade and investment opportunities available under the Agreement, we all know China will not make the same mistake.

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