

Summary on the Theme

The AfCFTA: Revitalizing Pan-Africanism for Sustainable Peace and Development in Africa

9th Tana Forum | 19-24 October | Ethiopia

Introduction

The African Continental Free Trade Area (AfCFTA), a timely and ambitious initiative brings 55 African economies together to form the world's largest trading bloc of more than one billion people, with a Gross Domestic Product (GDP) worth USD 3.4 trillion, having entered into force with the mandatory 22 signatories in May 2019. When it becomes fully operational, it is expected to be a game-changer for the continent giving its potential to boost intra-African trade by 52.3% simply by eliminating import duties and to double that figure if non-tariff barriers are also reduced.

The AfCFTA agreement creates the foundation for a single continental market for goods and services with the free movement of persons and investments. It will provide stakeholders across various sectors and industries the opportunity to enjoy economies of large-scale production as well as free access to a continental market. Through the coordination and facilitation of trade policies and instruments within and across jurisdictions, the agreement aims to expedite regional and continental integration processes in all its ramifications.

With the benefit of hindsight, for instance, artificial borders and the several constraints it imposes have become recurrent sources of conflict and by extension, a major barrier to the full achievement of the Pan-Africanist (and nation-building) project in Africa. Although it is the world's second largest, Africa is an extremely fragmented continent: 21 of its 55 countries have GDP that is less than USD 10 billion and a population of under 20 million.

At the heart of the initiative is therefore a broader, bolder and ambitious quest to reclaim, re-invent and re-energize the ideals of Pan-Africanism that political, socioeconomic and security exegeses had allowed to wane since its peak days during the 1960s. It is borne out of growing consensus around the urgent need to reboot and deploy the ideals of Pan-Africanism as the first step towards continental integration, sustainable development and peace and security. Various decisions and instruments of the African Union (AU), such as the 1991 Abuja Treaty, Agenda 2063 and the 2018 Protocol on Free Movement, recognize the free movement of people, goods and services as crucial elements in regional and continental integration that includes the rights to entry, residence and establishment in a country other than one's own. Almost six decades later, the struggle for economic and political emancipation has still not been fully achieved; and in several cases, have stalled or witnessed reversals.

On 19-24 October 2020, high level African decision makers as well as stakeholders in the peace and security sector will converge virtually to discuss the actual and potential opportunities of the AfCFTA during the 9th Tana High-Level Forum on Security in Africa. The flagship annual event, now popularly known as the Tana Forum, is an Africa-centered, solution-oriented platform for innovative and enriching dialogue and deliberation on the continent's most pressing security challenges.

Contrasting views on the benefits and costs of continental free trade

The argument for or against free movement and open borders of any kind is very sensitive. While those who are against it are vehement in their concerns and fears about its potential afar-political and security backlash, proponents draw attention to how it is able to open up different national jurisdictions with limited or more of informal connections to a broader range of opportunities and innovations simply by connecting them through trade and investment. For the latter, the multiplier effect of open borders would lower prices of goods and services, raise employment and welfare, and generally lead to better conditions and standards of living for citizens. Both perspectives, in the final analysis, should be seen as flip sides of the same coin as the kind of open borders anticipated by AfCFTA could have positive and negative impacts for Africa and its citizens in the short, medium and long terms. The 9th Tana Forum will afford participants to anticipate and contemplate these contrasting views, come up with innovative ways to mitigate the adverse security challenges likely to be imposed by AfCFTA, and also harness its immense socioeconomic, political and developmental opportunities.

AfCFTA: A window of opportunity for conflict transformation in Africa?

The current economic outlook for Africa offers both an opportunity as well as constraint in terms of how far and how well the continent is able to achieve the aspirations and goals contained in AfCFTA. In specific terms, the continent is still largely dependent on revenues from the export of agricultural raw materials and minerals. More trade occurs outside the continent than within due to restrictive trade barriers, with about 70% of Africa's export to other parts of the world dominated by extractive commodities; ditto for 40% of intra-Africa trade. But despite accounting for only 3% of the share in global trade, Africa has some of the world's fastest growing economies. It is estimated that increased industrialization will result in higher employment in less volatile and more labor-intensive sectors such as manufacturing and services. With the continent's population set to double to 2.75 billion by 2060, the AfCFTA will be an avenue for growth and increased prosperity across Africa; particularly so for the youth of the continent.

However, it is impossible to limit the discussion of economic integration without taking into consideration the state of peace and security in the continent. While security is usually the preoccupation of states, the modern state is no longer the only referent object of security. Within the changing context of the kind of multilateralism envisaged in the implementation of AfCFTA, societies and the ecosystem of non-state actors are also referents of security. This is particularly so in today's interconnected world

where traditional and non-traditional security threats overlap across national borders in ways that make the question of “security for whom, from what, and by what means” very pertinent. When addressing the security dimensions of free trade and open borders therefore, it becomes unhelpful to only focus narrowly on ‘traditional’ security concerns of states but to widening the scope to include human and economic security.

The overall goal of AfCFTA is to create conditions where the free movement of persons, goods and services is not impeded in whatever form or shape. Even with the best of intentions, this important aspiration can only be achieved by taking full cognizance of the potential impacts of the current- and future- state of peace and security on the continent. However, the kind of free trade and open borders envisaged under AfCFTA also comes with considerable collateral risks and security concerns linked, for instance, to the spread of communicable diseases (e.g. Ebola and COVID-19); rise in the number and activities of terrorist organizations and insurgency movements; the activities of transnational criminal groups involved in a wide range of activities such as trafficking of humans, arms, drug and fake pharmaceuticals, all of which pose real danger to peace and security. There is also the additional concern that perennial internal conflicts and security challenges facing African countries, including those related to intolerance and xenophobia against foreigners, could slow down the implementation of AfCFTA.

It is important to acknowledge that security concerns are not evenly distributed among states and across the continent. There are variations in terms of vulnerabilities and threat situations as well as in the preparedness and capabilities of states to respond to them. It is safe to assume that if AfCFTA could resolve issues of multiple and overlapping memberships in Regional Economic Communities (RECs), some of the modest integration achievements made on the continent due to the presence and effectiveness of current regional communities or mechanisms, could receive a major boost with the successful take-off and implementation of the AfCFTA.

The AfCFTA will become operational in 2021 just as the AU campaign on ‘Silencing the Guns, creating conducive conditions for Africa’s development’ winds down. While the continuation of armed insurgencies, civil wars and terrorist activities in different parts of the continent are a reminder that it is ‘not yet Uhuru’, the campaign to silence the guns still resonates by its emphasis on the important point that conflicts must end for development to start. It is going to be a major challenge to expect that ongoing conflicts in different parts of the continent would not impose pressure, if not severely hinder, the pursuit of free trade and open borders regime envisaged under the AfCFTA.

COVID-19 and Continental Free Trade in Africa

Despite its late entry into, and relatively slow spread in Africa, Coronavirus has infected over one million Africans (according to WHO statistical data dated 7 August, 2020). On the one hand, the impact of the pandemic has gone beyond a health issue, destructing trade and investment plans in the continent due to various measures undertaken by countries to help curb the disease, thus affecting the implementation of the AfCFTA. Trade in essential medical products has also suffered unprecedentedly shaking both demand and supply and impacting on care for affected and infected citizens. Globally, many countries are taking protectionism measures including a ban on exports of vital supplies including ventilators and in so doing

undoing years of multilateralism which further affect access to essential medical and other commodities in Africa. Evidence suggests return to protectionist approach is resulting in unnecessary rising costs of essentials risking economic development policies of many countries. Along with countries' efforts to manage and mitigate the impact of the pandemic, a number of challenges have surfaced. Industrial and business closures have left capital and natural resources idle. This has escalated underutilization of labor and capital resulting in loss of jobs. The number of lockdowns has increased the cost of trade and trade transactions and decline in global exports. Africa exports non-essential goods mainly natural resources, raw materials and agricultural products especially crops to countries seriously affected by the pandemic. However, due to various contingency measures put up by these countries to help curb the pandemic, there have been a severe cut offs as a result of decline in global exports. The cost of travel services has also declined. Tourism, the continent's ideal source of income has also been affected severely. Moreover, the continent is facing massive outflows of capital and dumping of assets in its security markets creating pressure on currencies. The continent's strong business corporates have been hit hard by COVID-19. Informal markets that are source of income for 60% of the total population have also lost their incomes. Cross-border trade is impossible as most countries closed their borders breaking the supply chain. All these challenges are putting pressure on governments to deliver adequate responses to save economies and falling value of currencies.

Based on the recommendation of the AfCFTA Secretariat, the launching of the AfCFTA will be postponed to 1 January 2021 or later though this was scheduled to take place on the 1st of July 2020. According to the recently appointed AfCFTA Secretary General, Mr. Wamkele Mene, two main reasons stand behind the postponement: the need to shift current efforts to fighting COVID-19 to save lives and the challenges with simultaneous translation while conducting online trade negotiations. Whilst this is true, some of the preparation activities for initiation of the AfCFTA such as infrastructure and technology setups should still go ahead in readiness for when it will officially kickoff.

On the other side, the continent has witnessed several innovations which would not have been the case had it not been for the pandemic. Innovative responses to the pandemic in Kenya, Senegal, Ethiopia and Madagascar are just some of such good examples. These innovations speak to the heart of trade agreement i.e., the rules of origin that completely depend on the nationality of products, complementing the whole discussion on the long term plans for the AfCFTA. In addition, COVID-19 has brought to the platform the importance of health security and sharing of information on common communication risks. It has also brought into the conversation whether trade corridors can be transformed into health corridors during pandemics along with trade infrastructures that are in place. Currently, trade corridors are being negotiated to allow for the free flow of medical goods to fight the pandemic and a suspension on the import of essential products has also been proposed. Protectionist approach with unnecessary costs that hamper the economic development strategies of many countries also puts Africa in a strategic point to work within itself especially in securing essential commodities. Moreover, border shut-downs and the prioritization of national interests have served as a reminder that African countries should look inwards and work towards reducing dependencies by meeting the needs of their own populations.

Currently, the AfCFTA the Secretariat, the AU's Trade Commissioner and member states are concentrating on two major issues: ensuring trade continues as much as possible and setting long term plans for the AfCFTA by enhancing its preparedness to fight future pandemics. An emergency task force was convened by the AU Chairperson South African President Cyril Ramaphosa, to address how trade can support the public health

crisis, how the AfCFTA can promote the production of generic medicine, and how to use the AfCFTA to establish African industries tapping regional value chains to manufacture other essential medical equipment such as ventilators, which are in short supply in Africa.

The Global Backdrop of the AfCFTA

Finally, at the 9th Tana Forum, participants will not miss the opportunity to discuss and contemplate the global context and perspectives of the AfCFTA, especially as they relate to current global trade regime epitomized in the World Trade Organization (WTO). In doing this, it is important to recall that the central tenets of trade facilitation within the WTO framework include import and export procedures, customs, information technology, payment and insurance for cross-border movement of goods, and the overall standardization and harmonization of border procedures, among others. These same elements also frame the AfCFTA.

What this implies is that the AfCFTA will need to design and put in place robust and innovative strategies to mitigate the adverse impacts of intensifying international protectionism and the potential for them to degenerate into full-scale trade wars. This is particularly so at a time of hyper-nationalism and trade protectionism characterized by the imposition of tariff barriers by major world economies such as the United States, Canada, China and the European Union (EU), with adverse implications for developing economies. By extension, also, discussions at the Tana Forum should logically ponder the shape and content of Africa's relationship with the WTO as the implementation of the AfCFTA starts.

Guiding questions

- What are the implications of COVID-19 affecting the implementation of AfCFTA?
- How should African states mobilize, build and maintain consensus on the issue of sovereignty?
- What is the role of continental and regional institutions in mobilizing consensus and securing the necessary political will and commitment towards the successful implementation of the AfCFTA?
- Which category of states are likely to benefit from or be left behind in the quest towards open borders and increased competition, and what should be done to protect them?
- How should small and large economies prepare themselves to harness the opportunities and benefits of AfCFTA in the short and long term?
- What might the uneven adoption and uneven spread effects of the AfCFTA mean for the eventual consolidation of integration in Africa?
- What are the peace and security dimensions of free trade and open borders?
- What peace and security challenges are likely to emerge out of the implementation of AfCFTA, and should African countries individually and as a collective respond to them? Can the AfCFTA, in turn, promote regional economies for peace?
- What is the prevailing peace and security situation in Africa, and how can those potentially undermine the actualization of the AfCFTA?

- What is the prospective roles of key stakeholders or constituencies such as the African civil society and private sector at different stages in the implementation of the AfCFTA?
- What does ownership of the AfCFTA mean at the continental, regional, national and grassroots levels?
- What is the role of external partners in actualizing the aspirations and goals of the AfCFTA?
- Is there a substantive role for the African civil society, regional institutions, the private and informal sectors in the take-off and implementation of AfCFTA?
- Will the operationalization of the AfCFTA lead to progress on other fronts in terms of the implementation of key AU decisions, including the Protocol on the Free Movement of Persons?
- What does AfCFTA mean for the quest to reclaim and restore the ideals of pan-Africanism, and what shape is pan-Africanism likely to take in the light of the AfCFTA?
- What lessons can AfCFTA learn from the experiences of existing common market arrangements, especially that of the EU following the exit of Britain?
- How is Africa going to capitalize on all the experiences, lessons learnt, good initiatives and innovations that are being developed on the continent to help curb the pandemic and other future threats for the benefit of ACFTA and its smooth implementation and operations? Can the AfCFTA help insulate African economies and trade needs from global shocks?

Resources

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<https://issafrica.org/pscreport/psc-insights/africas-free-trade-initiative-could-bolster-continentalpeace>

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