



# The AfCFTA

## Priorities and Benefits of the AfCFTA

Blessing Chipanda and Jakkie Cilliers

Last updated 21 June 2025 using IFs v8.22

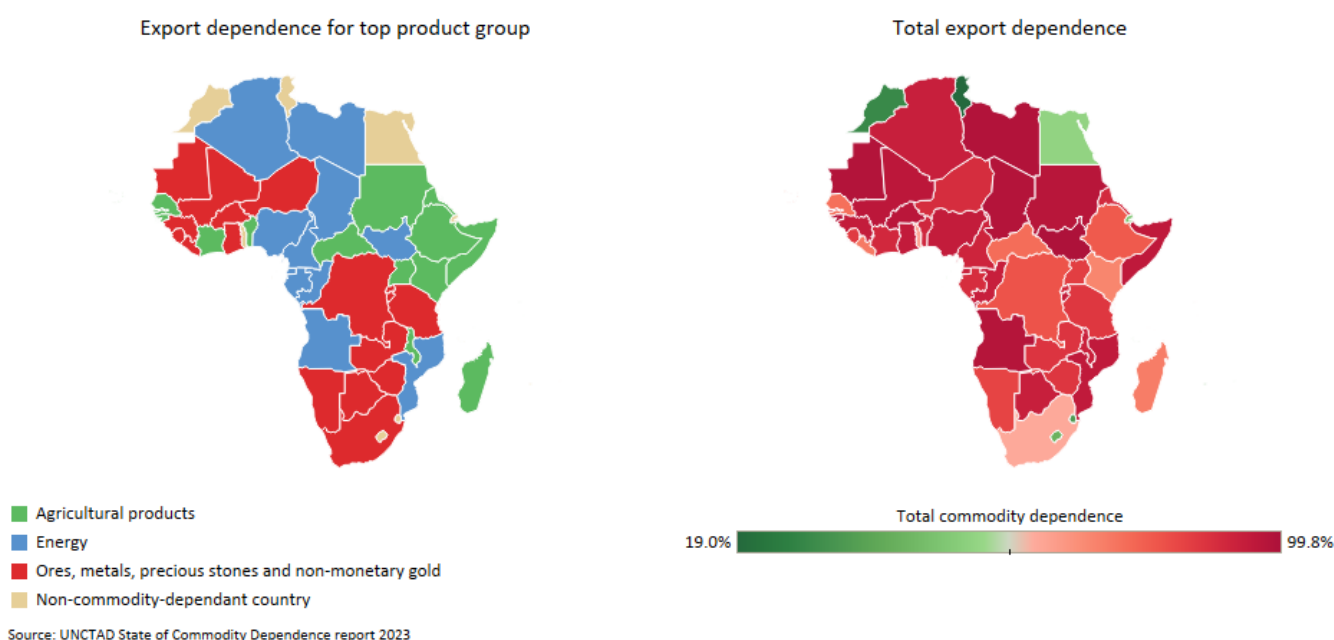


## Priorities and Benefits of the AfCFTA

Africa is still struggling to detach itself from its colonial past characterised by the exportation of homogeneous goods (i.e. primary/commodity goods), and the importation of heterogeneous goods (i.e. machinery and equipment), (see Charts 2 and 3). During colonialism, African trade was structured to meet the demands of industrialising Europe by supplying **primary inputs** with subsequent growth-constraining effects. Countries that heavily depend on primary exports tend to experience lower and more unstable economic growth than those that mostly export manufactured goods. Primary goods lack both economic and technological dynamism and are subject to volatile global prices.

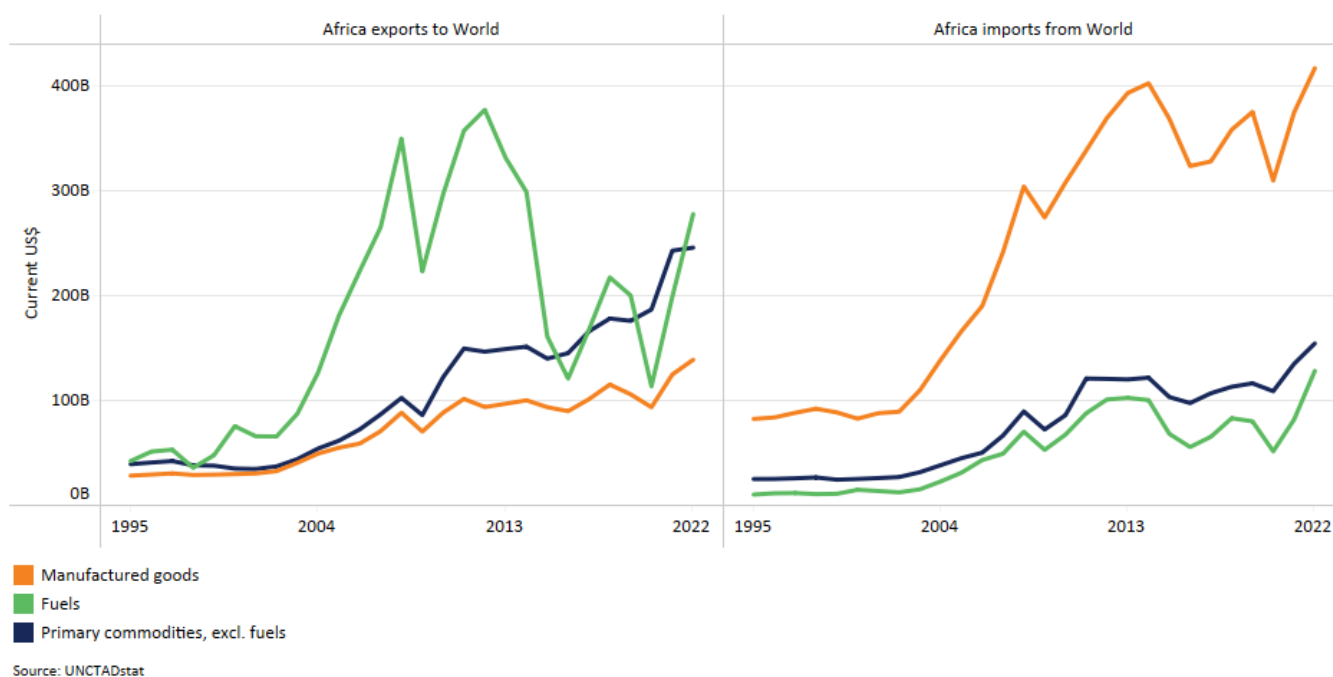
**Chart 2: Commodity dependence by export product group and commodity exports, average 2019-2021**

Toggle to view change in dependence between 2012/2014 and 2019/2021



Africa's limited manufactured exports are centred around **resource-based goods**, which are also subject to volatile global prices. The overreliance on a narrow range of primary and resource-based products has, over time, made the continent vulnerable to external demand and supply fluctuations with enormous implications for development and poverty reduction efforts. Chart 3 shows Africa's intra- and extra-trade composition for the period 1995-2022.

Chart 3: Africa's intra- and extra-trade composition, 1995-2022

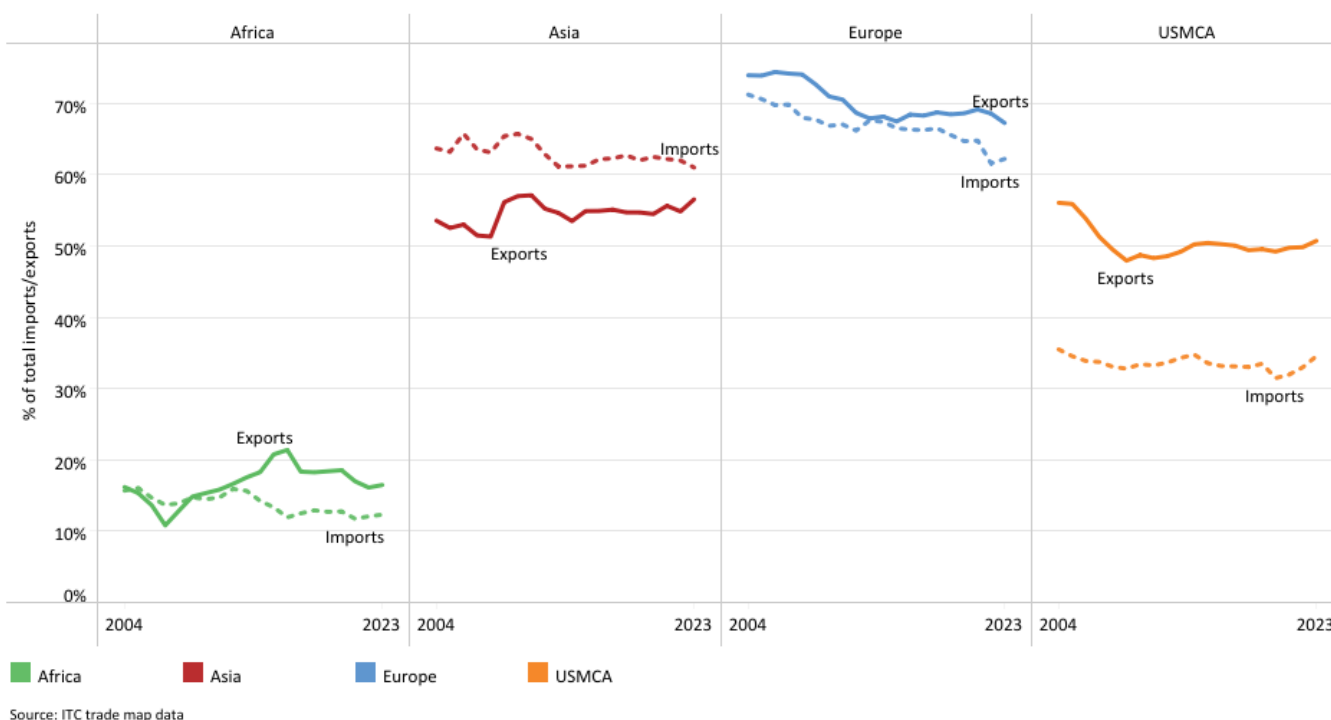


Today Africa trades significantly more with the rest of the world than internally, and its participation in global trade has remained low and stagnant even as its share of world exports has steadily declined. Africa's global share of exports accounted for just 2.2% of exports in 2023 — a 0.4 percentage point decline relative to a decade earlier. Its global import share has also remained marginal, increasing from 2.8% in 2003 to 3.3% in 2013, to 2.7% in 2023.

Chart 4 shows Africa's share of intra-export compared to the share of other world regions. A paltry 14.8% of Africa's trade is internal, compared to 54.5% for Asia and 68.4% for Europe in 2021. The continent heavily relies on external markets for both its exports and imports. For Africa, the full implementation of the AfCFTA will therefore be crucial to limit the impact of the current trend towards deglobalisation.

Until recently, the continent has done little to increase trade among its members. Most internal trade has been in the Southern African Development Community (SADC) and the East African Community (EAC), which have the highest levels of internal trade among regional groups. Unlike in Asia, Europe and North America, Africa does not have a single hub economy. Apart from South Africa, which operates somewhat as a trading hub for Southern Africa, the continent lacks a [systemic global exporter](#) that imports value-added from within Africa. Nigeria and Egypt, the other two large economies have clear potential in this regard.

Chart 4: Intra-region trade as % of total imports/exports, 2004-2023



However, once informal intra-African trade is included, the share of internal trade in Africa is likely significantly larger than shown in official trade data. For instance, in a study by the International Food Policy Research Institute (IFPRI) in 2018, informal trade at a single border crossing between Zambia and Malawi was estimated at US\$2.9 million per month, while formal trade at the same border crossing accounted for only about US\$1.6 million per month.

A survey on smuggling between Benin and its neighbouring countries concluded that there were **five times** more smuggled goods from Benin to Nigeria than officially recorded exports. Similarly, a 2010 study by the [African Resource Centre](#) estimated the value of informal exports from Uganda to its neighbouring countries to be about 83% larger than the official export data. Thus, if formal and informal trade data were to be added together, the share of intra-Africa trade would double or even triple compared to most published estimates.

The main cause of informal intra-Africa trade is the cost associated with formal trade. Monetary costs of formal trade include high tariffs on imports and exports, accompanied by high processing and clearance fees. Time costs include long waiting periods and inadequate border infrastructure that cause long delays at formal crossings.

The AfCFTA would decrease the cost of trade and encourage the formalisation of trade. For instance, with the AfCFTA agreement, to help overcome non-tariff barriers, an online portal has been set up through which traders can report problems. Non-tariff barrier challenges and problems are to be handled by nominated government officials who are meant to take action to remove the barriers.

By fostering intra-African trade and regional value chains, the AfCFTA is a critical driver in the structural transformation and industrialisation of Africa, with the potential to help reduce the continent's vulnerability to external shocks, enhance export diversification and boost economic performance. With the regional value chains that are being developed under the AfCFTA, member states have the opportunity to also boost global competitiveness, pursue export diversification and increase exports of high-value-added manufactured goods. This has the advantage of helping African countries lower

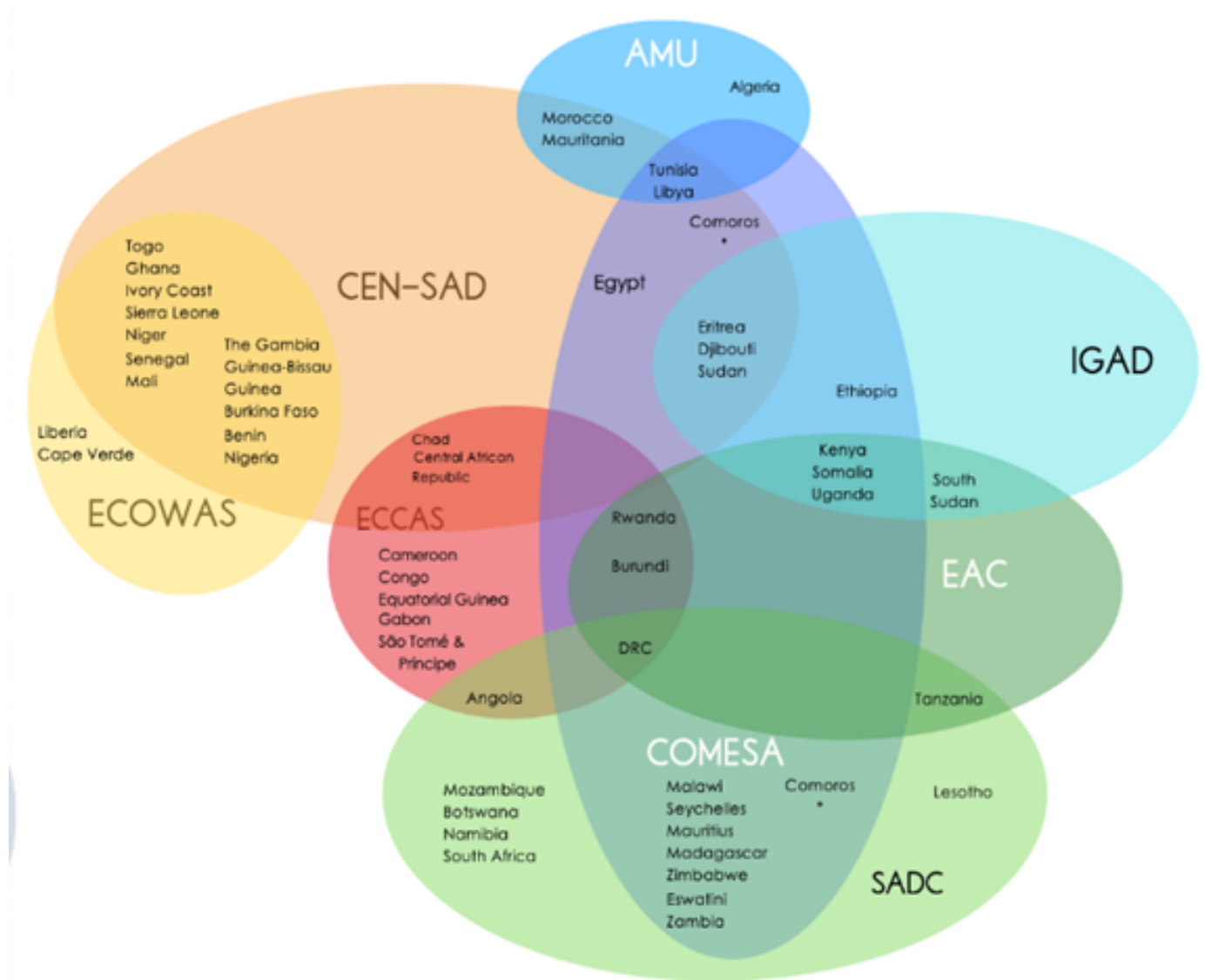
imports and dependency on goods that could be produced and traded within the continent with an important knock-on effect on the balance-of-trade of countries.

The AfCFTA agreement prioritises industrialisation of the agri-business, automotive, pharmaceuticals, transport, and logistics sectors based on the potential for import substitution and existing production capacities on the continent. These sectors have a higher potential for boosting local value addition, job creation and economic growth, with positive implications for poverty reduction.

The AfCFTA agreement expects participating member states to progressively eliminate restrictive measures hindering cross-border supply, consumption abroad, commercial presence, and temporary movement of persons. Member states agreed to start with five priority service sectors: business, communication, financial, transport and tourism services. Some of the service sectors to be liberalised later include construction and related engineering, distribution, educational, environmental, health-related and social services.

The eight Regional Economic Communities (RECs) and their bilateral and [multilateral](#) trade agreements recognised by the AU will continue to exist under the AfCFTA agreement. The agreement will provide an Africa-wide regulatory framework to harmonise intra-trade. What makes the AfCFTA stand out from the existing RECs is the extent of political will, the geographical and policy coverage, and the articulation of existing RECs under a single legal umbrella with a dispute settlement mechanism to ensure compliance and enforcement of commitments undertaken.

Chart 5: Regional Economic Communities in Africa recognised by the African Union, 2023



With these priorities and associated benefits, the AfCFTA presents a unique opportunity for Africa to realise its long-held vision of an integrated, continent-wide market. If successfully implemented it will transform African economies and significantly raise Africa's share of global trade to position the region as a dynamic force in the international arena.

## Donors and sponsors



### Reuse our work

- All visualizations, data, and text produced by African Futures are completely open access under the [Creative Commons BY license](#). You have the permission to use, distribute, and reproduce these in any medium, provided the source and authors are credited.
- The data produced by third parties and made available by African Futures is subject to the license terms from the original third-party authors. We will always indicate the original source of the data in our documentation, so you should always check the license of any such third-party data before use and redistribution.
- All of our charts [can be embedded](#) in any site.

### Cite this research

Blessing Chipanda and Jakkie Cilliers (2025) The AfCFTA. Published online at [futures.issafrica.org](https://futures.issafrica.org). Retrieved from <https://futures.issafrica.org/thematic/08-afcfta/> [Online Resource] Updated 21 June 2025.

## About the authors

**Dr Blessing Chipanda** joined the African Futures and Innovation (AFI) programme in January 2023. Before joining the ISS he worked as an assistant lecturer/research assistant at the University of Pretoria, Department of Economics. He is particularly interested in tasks within the wider realm of international trade, development economics, public policy, monetary policy, and econometric modelling. Equally interested in economic and socio-economic activities that impact social welfare. Blessing has a PhD in economics from the University of Pretoria, South Africa.

**Dr Jakkie Cilliers** is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees, head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute, and is an extraordinary professor at the University of Pretoria. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

## About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.