



The AfCFTA

Efforts and achievements in the AfCFTA negotiations

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The [AfCFTA agreement](#) came into effect in January 2021, nine years after the idea was proposed by the AU. Only Eritrea has not signed the agreement - shunning it in favour of its membership of COMESA and IGAD. By January 2024, 47 out of 55 countries have ratified except for Benin, Liberia, Libya, Madagascar, Somalia, South Sudan and Sudan.

Negotiations are inevitably complex and divided into three phases with a large body of associated [legal text](#):

- Phase 1 negotiations - cover trade in goods and services, based on reciprocal concessions and subsequent agreements between state parties. The negotiations led to the ratification of the legal instruments (the AfCFTA agreement itself and protocols on trade in goods and services and settlement of disputes) that came into force end of May 2019, permitting the launch of trading.
- Phase 2 negotiations - cover intellectual property rights, investment and competition policy. Negotiations have already begun.
- Phase 3 negotiations - cover e-commerce and women and youth in trade. Draft protocols were adopted by the AU Assembly in February 2024.

Each phase is captured in a legally binding protocol that forms part of the AfCFTA Agreement on adoption. The plan is that, by 2034, Africa will have achieved tariff liberalisation of 97% of goods in a staged manner. In Phase I, member states agreed to remove 90% of tariff lines translating into full liberalised with zero tariff rates. The remaining 10% of tariff lines are divided into [two categories](#): 7% are designated sensitive products and they will have a 10% tariff rate, and 3% of tariff lines are excluded from liberalisation entirely - to allow flexibilities for State Parties with particular sensitivities but will be subject to review every five years.

A 'pilot phase' of the AfCFTA was launched in October 2022 in the form of the Guided Trade Initiative (GTI) originally involving seven State Parties representing the five regions of the continent and subsequently expanded. The objectives of the GTI are to test the operational, institutional, legal and trade policy environment under the AfCFTA; allow commercially meaningful trading under the AfCFTA; and to send a positive message to African economic operators about the AfCFTA. State Parties who have had their Provisional Schedules of Tariff Concessions verified may join the GTI, subject to their rules of origin for the intended products being finalised.

By January 2024, 44 countries had ratified the associated Pan African Payment and Settlement System (PAPSS), which is intended to reduce trade costs and speed up the continent's economic integration. PAPSS enables companies to conduct transactions using any of Africa's 42 currencies without needing a third-party currency such as the United States dollar or Euro. South Africa is one of the countries that has not yet ratified the payment system. South Africa has more than [80%](#) of manufactured goods trade in Africa.

Only 34 countries signed the AU Protocol of Free Movement of Persons and ratified by just four countries (Rwanda, Niger, Mali, Sao Tome and Principe). The slow pace of ratification is of great concern as the free movement of persons is crucial for the successful implementation of the AfCFTA, particularly for facilitating trade in services across the continent.

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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.

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