



The AfCFTA Annexure

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Annexure

Estimations on the impact of the AfCFTA

- The African Export-Import Bank ([AFREXIMBANK](#)), in 2018, estimated the export potential of intra-Africa trade at more than US\$84 billion, which if tapped would take total intra-Africa trade to US\$231 billion. The untapped proportion consists of sectors that are known to be internationally competitive and have good prospects for export success in regional markets. These included mineral commodities, machinery, food products, motor vehicles and parts, and plastics and rubber. At US\$53 billion, most of the total untapped figure of US\$84 billion sits in Southern Africa. This is followed by North Africa (US\$13.4 billion), West Africa (US\$9.5 billion) and East Africa (US\$7.8 billion). Central Africa comes in last (US\$840 million).
- In a 2019 scenario that emulates the full AfCFTA implementation, where all tariffs are eliminated, the United Nations Conference on Trade and Development ([UNCTAD](#)) estimates that the net welfare gains could be in the region of US\$16 billion and almost 1% more rapid GDP growth than would otherwise be the case. Total employment improves by slightly more than 1%, intra-Africa trade is forecast to grow by one-third and Africa's total trade deficit is cut in half.
- In its 2019 estimate of the impact of the AfCFTA, the UN Department of Economic and Social Affairs ([UNDESA](#)) finds that growth in Africa could accelerate by 0.3 to 0.6 percentage points by 2040 compared to the baseline scenario. However, these forecasts likely substantially underestimate the economic benefits of the AfCFTA, as they do not take into account the impact of liberalisation in other areas, such as service and investment.
- In a 2020 International Monetary Fund ([IMF](#)) study, long-term income gains would be at least 2.1% with increased investment, innovation and knowledge diffusion, with significant expansion of intra-regional trade and limited adverse effects on trade with non-member countries (trade diversion). About US\$60 billion could be added to African exports.
- In 2021, the [Frederick S. Pardee Centre](#) for International Futures reported that intra-Africa trade is expected to increase to 40% of African total trade by 2063.
- A 2022 [World Bank](#) report in association with the AfCFTA Secretariat indicated that the full implementation of the AfCFTA scenario could increase intra-Africa exports by up to 109% and global exports by 32% by 2035, lift 50 million people out of poverty and raise overall income by 8% by 2035. Other benefits that could accrue include FDI, which is expected to bring new capital, fresh technology and additional skills to raise the standard of living and reduce African dependence on primary and commodity exports. Women and skilled workers are expected to see the biggest wage gains from the AfCFTA. The wages of female workers are expected to be 11.2% higher in 2035 and male workers' wages could grow by 9.8%.

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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 and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute. 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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