

## Trading with the world

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The United States is no longer number one when it comes to trading with Sub-Saharan Africa. China is first (about \$150-billion in 2018), then the European Union (EU) with the US in third place (\$41.2-billion).

The Overseas Private Investment Corporation (OPIC), the US government's development finance institution, has committed tens of millions of dollars to development projects in Africa, including the Connect Africa initiative.

The European Union Commission pledged to support the AfCFTA with a €40-billion package that would attract investment and create jobs. The Africa-European Alliance for Jobs and Growth programme is intended to run from 2021 to 2027.

China's multinational Belt and Road initiative includes a \$1-billion African infrastructure fund and in 2018 aid to the value of \$60-billion was delivered to the continent. The total value of Chinese investments and construction in Africa amounts to close to nearly \$2-trillion since 2005 (American Enterprise Institute). McKinsey believes there are 10 000 Chinese businesses active in Africa.

All of this illustrates the importance of Africa to the world's leading trading nations: it would suggest that a "race for Africa" is underway.

## History and RECs

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The roots of the AfCFTA can be traced back to the 1980 Lagos Plan of Action and a plan in 1991 to launch the African Economic Community. Neither of these were implemented but the goal remained alive.

The Southern African Development Community (SADC) was established in 1992 and the SADC Free Trade Area (FTA) came into being in 2008. The FTA covers 13 of the region's 15 countries (Angola and the DRC have not signed) but only five countries are members of the Southern African Customs Union (SACU), Botswana, Eswatini, Lesotho, Namibia and South Africa. The SACU was formed in 1910.

Some of Africa's Regional Economic

Communities (RECs) have gone some way to achieving integration. Larger countries within an individual REC have tended to become a centre for trading, using the relationships they have with fellow members. Kamal Nasrollah, Partner and Head of the law firm Baker McKenzie in Casablanca, has studied this phenomenon and believes that the AfCFTA could use the example of these RECs. He cites Ivory Coast, Kenya, Senegal and South Africa and gives some detail on the Moroccan experience.

Writes Nasrollah, "Morocco is also an active trade hub within the Union du Maghreb Arab (UMA) trade agreement as well as the various trade agreements it has entered into with the US, the EU and the Francophone Africa free-trade zone (UEMOA)."

## Challenges

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Although the AfCFTA has been signed, a range of complicated and detailed negotiations lie ahead. Topics include tariffs, service sector concessions and the exact outlines of rules of origin in each jurisdiction.

Visa restrictions for business travellers and financial systems that are not compatible are other potential hurdles.

In 2016 the Common Electronic Biometric African Passport was launched, and the AU produced a protocol on free movement of persons. Egypt, Nigeria and South Africa are among the countries that have not signed the protocol. The UN Economic Commission for Africa (UNECA) found that progress has been slow with respect to mobility (African Regional Integration Index).

African visitors need a visa when visiting more than half of the nations on the continent and only Ghana and the Seychelles make visas available on arrival. According to *The Economist*, "it's easier for Americans to travel around Africa than it is for Africans themselves" and the AU passport has so far only been used for heads of state and AU officials.

Concerns about security and the perception that "people from other African countries are