

taking our jobs” will have to be addressed at national and local levels. South Africa has experienced outbreaks of xenophobia. Migration patterns will likely change if movement around the continent becomes easier.

A lot of work needs to be done to synchronise financial governance policies and to put better technology in place so that payments can take place across jurisdictions. Debt and deficit policies must chime.

The African Development Bank is supporting regional financial integration with programmes focussed on banking and financial standards and the African Peer Review Mechanism. Regional payment systems are being developed in each of COMESA, EAC, ECCAS, and ECOWAS. Other projects of the bank are the Africa Financial Markets Initiative, Making Finance Work for Africa and the Association of African Central Banks.

Possibly the biggest hurdle to seamless trading is poor infrastructure but a great many projects are underway in every corner of the continent.

Among the initiatives of the Programme for Infrastructure Development in Africa (PIDA) is the West Africa Hub Port and Rail Programme, a regional hub-port, rail-linkage and port-expansion plan. Kenya’s \$68-million Naivasha Dry Port project supports this plan.

The Southern African Development Community (SADC) has been active with multimodal projects such as the development



corridors of Nacala, Maputo and Lobito (Zambia to Angola).

The Trans-Maghreb Highway in North Africa, the North-South Multimodal Corridor and the Central Corridor project are among other ambitious projects intended to provide inter-regional connectivity.

Who will benefit?

A recent research paper suggests that manufacturing will be one of the sectors to gain the most from the AfCFTA. According to “AfCFTA’s US\$3-trillion Opportunity: Weighing Existing Barriers against Potential Economic Gains,” the dropping of tariffs between African countries will allow for the replacement of imported manufactured products, industrial machinery and transport equipment, which currently make up over 50% of Africa’s import basket.

The report, based on research done by international law firm Baker McKenzie and Oxford Economics, contrasts Africa’s export of raw material with this need to import manufactured goods. As a percentage of GDP, manufacturing averages 10% in Africa but the AfCFTA provides a chance for this to grow as markets open up. Improved infrastructure will further spur trade, and drive demand for more manufactured goods.

Countries which currently have strong manufacturing bases will benefit the most from the deal. Countries with less manufacturing like Algeria and Sudan will presumably move to diversify their economies and start building manufacturing capacity.

Another sector likely to benefit from the deal will be the services sector.

Countries with good infrastructure stand to benefit as efficient ports, airports and railway systems will be better equipped to deal with increased volumes of trade. ■