



## **Riding against the Tide? Continental Free Trade Area and the future of Regional Integration in Africa**

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At a time when the ultra-conservative elements in Europe and the United States of America are sounding the death knell of a liberal international order, African countries are taking a new turn towards the crystallisation of the ambitious continental integration agenda of forming a continental free trade area (CFTA) by October 2017. Ministers and negotiators from the respective ministries of commerce, trade and industry and the revenue authorities of the African Union's (AU) 54 member states engaged in the fourth round of negotiations for establishing the CFTA, during the 2016 Africa Trade Week held in Addis Ababa from 28 November to 2 December. Due in part to the limited capacity of the neo-colonial state, regional integration has long been recognised as one of the means through which Africa can achieve transformation and development. The Abuja Treaty of 1991 specifies a sequence of processes that would lead to the formation of African Economic Community by the year 2000. Article 6 of the Treaty specifically provides that 'the Community shall be established gradually in (6) stages of variable duration over a transitional period not exceeding thirty four (34) years'.

Despite missing the deadline for establishing the Economic Community, the AU seems poised to ensure that the October 2017 deadline for the CFTA is realised. The renewed momentum in negotiations toward the CFTA started with the launching in Johannesburg in June 2015. The 2016 Africa Trade Week held alongside the fourth round of these negotiations was jointly organised by the African Union Commission and the United Nations Economic Commission for Africa under the theme, 'Advancing Socio-Economic Structural Transformation through Intra-Africa Trade'. Delegates and participants from all over Africa met in various negotiation rooms at the AU headquarters and deliberated on various issues concerning the CFTA, including trade in goods and services, investment, trade facilitation, intellectual property rights and competition policy. Besides the various discussions which took place at the plenary sessions, the negotiations conducted behind closed doors constituted concrete steps towards the realisation of the CFTA by the envisaged date.

If well designed and implemented, the CFTA could boost intra-Africa trade, stimulate the development capabilities of the member countries and set them on a path of transformation. Compared with the other regions of the world, intra-African trade is the lowest at about 10%. Intra-regional trade in regions including Europe, the Association of Southeast Asian Nations and in South America stands at 60%, 30% and 21%, respectively. Although intra-Africa trade in manufactured products is more diversified and higher than exports to other regions of the world, more room exists for the continent to achieve higher volumes of trade in ways that will lead to structural transformation and socio-economic development on the continent.

Africa needs a continental FTA to hedge its countries against the likely losses and preference erosions that might arise due to the formation of Mega Regional Trade Agreements (MRTA) between the traditional and emerging trade partners such as Europe and the United States of America, and the United States of America and Asia-Pacific countries. Mega Regional Trade Agreements that have either been concluded or are still under negotiation threaten to worsen the trade position of African countries. Such agreements include the Trans-Pacific Partnership Agreement (TPP), the Regional Comprehensive Economic Partnership of Asian countries, the EU-US Trans-Atlantic Trade and Investment Partnership (T-TIP) as well as EU Comprehensive Economic and Trade Agreements. Indeed, the EU-ACP Economic Partnership Agreements or EPAs constitute a set of other regional trade agreements between the EU and developing countries in the different regions of Africa, the Caribbean and Pacific islands that might negatively affect the efficacy and usefulness of the CFTA. As some of

the regional economic communities and respective countries sign into the EPAs, African countries may find it cheaper to export to Europe than to fellow African countries, if the ratification of the EPAs is concluded before the CFTA.

While there is a sense of urgency in ensuring the conclusion of the CFTA negotiations, the process requires deep reflection, leadership, political will and commitment, and an effective strategy. As noted by many members of civil society organisations during the Africa Trade Week, the integration objectives of the trade deal must be balanced against its liberalisation intent and content. Given the painful experiences of many African countries with the structural adjustment programmes that were implemented under the auspices of the World Bank and International Monetary Fund in the 1980s and 1990s, concerns that the CFTA may have some unintended consequences of job losses and the attendant social dislocations are valid. It is, therefore, imperative that negotiators and formulators of the CFTA take human rights and human security into consideration before finalising the agreement. As a minimum, boosting productive capacity of the various countries and putting in place some mechanisms for compensation from loss in tariff revenues, especially for the poorest countries are necessary to forestall or, at least, minimise the inevitable economic disarticulation that are generally associated with liberalisation programmes.

Unlike previous attempts to transform and develop Africa, ordinary Africans should *be* the focus and own the CFTA. Africa must depart from the practice of holding closed door negotiations on significant issues that affect its people. The CFTA provides a unique opportunity for the continent to distinguish itself as free of conduct that represents unbalanced special interest practices such as the infamous Green Room process that characterises World Trade Organisation negotiations. There, small unrepresentative groups of developed countries informally gather behind closed doors and decide and set the tone for critical trade negotiating issues of global import. Moreover, the resistance faced by the TPP and T-TIP by citizens of some countries that were party to the secret and exclusive negotiations that drove the agreements provides lessons that negotiators of the CFTA and African leaders should avoid. Ownership of the CFTA by the people of Africa can be achieved through inclusiveness, where representatives from the private sector, trade unions, civil society, academia and development agencies and practitioners are called to participate in the negotiations. After all, the argument and justification often given for deals such as the CFTA is development and employment creation for ordinary people.