



An empirical assessment of AfCFTA modalities on goods:

Key messages

The following are key messages drawn from an empirical assessment of the modalities on goods of the African Continental Free Trade Area (AfCFTA)¹:

- ▼ In the aftermath of the implementation of AfCFTA and its anticipated reform, levels of both gross domestic products (GDP) and exports across the continent are expected to increase, as demonstrated by the most recent empirical assessment undertaken by the Economic Commission for Africa (ECA);
- ▼ When it comes to stimulating intra-African trade, AfCFTA would be a game changer;
- ▼ The more ambitious the liberalization of trade, the greater the expansion of intra-African trade. As such, a double qualification approach for liberalizing trade in goods under the AfCFTA reform would produce greater trade-related benefits than a tariff line approach, in all main sectors, and has the strongest potential to promote industrialization;
- ▼ Whatever the liberalization approach, the importance of liberalizing intermediates (early in the process) to promote industrialization should not be overlooked;
- ▼ With the sole removal of tariffs on goods, the share of intra-African trade would increase by nearly 40 per cent to over 50 per cent, depending on the ambition of the liberalization, between the start of the implementation of the reform² and 2040³;
- ▼ From a different angle, AfCFTA would increase the value of intra-African trade by between 15 per cent and 25 per cent (depending on the liberalization efforts) in the year 2040, compared to a situation where no AfCFTA is in place. Intra-African trade in industrial products alone would increase between about 25 per cent and 30 per cent. For agriculture and food products, the increase would range between 20 per cent and 30 per cent and it would be between 5 per cent and 11 per cent in energy and mining products;
- ▼ As far as industrial sectors are concerned, textile, apparel, leather, wood and paper, vehicle and transport equipment, electronics and metals would benefit the most from the AfCFTA reform, in terms of trade expansion. Sugar, vegetables, fruit, nuts, beverages, tobacco, meat and dairy products would obtain the largest trade expansion among agricultural sectors;
- ▼ Small economies asking for special and differential treatment, such as the “group of seven” African nations, namely, Djibouti, Ethiopia, Madagascar, Malawi, the Sudan, Zambia and Zimbabwe, should not fear undertaking ambitious liberalization under the AfCFTA reform as it would generate the greatest benefits to them;
- ▼ The welfare of Africa would slightly increase with AfCFTA, despite the decrease in tariff revenues, owing in large part to the significant expansion in intra-African trade;
- ▼ If services were to be liberalized and non-tariff barriers were tackled effectively across the African continent, gains could be expected to be even greater.

1 It should be noted that the analysis, from which the key messages are drawn, is not meant to provide a comprehensive economic assessment of the AfCFTA reform as it only focuses on liberalization of trade in goods. Therefore, it does not account for other important elements that are covered by the AfCFTA Agreement such as liberalization of trade in services, removal of non-tariff barriers, etc. In other words, the empirical assessment aims at assisting African Member States to select the approach for liberalizing trade in goods that would be most beneficial to them as well as providing some insights on key criteria that could be used for the determination of sensitive lists, as these are important issues which remains to be addressed in the ongoing AfCFTA process.

2 2020 was considered to be the tentative date for the modelling exercise.

3 The AfCFTA reform is expected to be fully implemented by 2035.