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**Economic Commission for Africa (ECA)**

Sub-Regional Office for North Africa

**Intergovernmental Committee of Experts (ICE)**

Thirty-Third Meeting

Tunis, October 30 – November 02, 2018

## **Introduction Note of the Special Session on the African Continental Free Trade Area (AfCFTA)**

### **Background**

The Heads of State of the African Union convened on 20 and 21 March 2018 in Kigali, Rwanda, to sign the African Continental Free Trade Area (AfCTA) Agreement. The AfCTA aims to reduce tariff barriers and harmonize trade rules among signatory countries, resulting in a significant reduction in transaction costs for the exchange of goods and services. As a result, regional integration will be promoted through the development of trade activities at the continental level.

The negotiations on the AfCTA were initiated in June 2015 and were carried out in two phases. Phase One addressed the development of the continent's trade rules governing goods and services. Phase Two involved the establishment of rules in the area of cross-border investment, intellectual property rights and competition policy. While negotiations on Phase One were successful (the Kigali Summit), the Phase Two of the negotiations is scheduled to begin in the course of the year, ending with the finalization of the entire set of rules governing the AfCTA.

When tackled and applied consistently by North African countries, these aspects are expected to lead to a reduction in transaction costs, the promotion of regional value chains and the industrialization of the manufacturing sector through coordination across several countries.

The implementation of AfCTA would therefore facilitate an increase of more than 60% in intra-continental trade (representing upwards of 42 billion dollars in volume). And according to ECA estimates, this increase will mainly impact industrially manufactured products.

The study conducted by ECA in 2017 on industrialization through trade in North Africa concluded that the adoption of trade facilitation measures, coupled with AfCTA, would have an especially positive impact on intra-regional trade. As part of the empirical analysis based on a MIRAGE model, the findings are notably focusing on an increase in intra-North African trade by at least 25% for some products.

Through its leverage for growth, AfCTA could contribute to the mitigation of the development challenges confronting North African countries, especially induced by weak investment levels, lack of connectivity and security-related challenges.

As a means of fostering the exchange of experiences and expertise among member countries and leading experts, the Office is organizing a special session on the prospects of implementing AfCTA in North Africa and on the opportunities for greater integration within the African continent. The discussion will touch on the opportunities but also the challenges facing North African countries in light of their economic situation, their development priorities and the entry of some of them into new regional economic communities.

### **Objective**

The objective of the session is to contribute to improving member countries' knowledge of the continental integration project through the creation of a space for dialogue and exchange between member countries.

### **Format of the session**

The session will last one hour and 15 minutes and will be in the form of a panel discussion divided in two phases:

1. Expert presentations
2. Debate and discussion

### **The participants**

The seven (7) member countries' representatives, along with experts and observers, will be invited to take part in the work of the session, which will be facilitated by the experts of the Bureau and the resource persons mobilized for the event.