

AN OVERVIEW OF THE CURRENT STATUS OF AfCFTA IMPLEMENTATION WITHIN THE SADC REGION

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1. INTRODUCTION

The Africa Continental Free Trade Area (AfCFTA) is one among the AU approved flagship projects aiming at anchoring the general African development framework known as “Agenda 2063: The Africa we Want”. It is expected to create a new trading and entrepreneurial opportunities for women and young people in the formal, informal economies and across all sectors including agriculture, manufacturing and services sector (ECOWAS, 2023). The agreement which established AfCFTA was signed in Rwanda on 21 March 2019 (AU, 2023). Thus far, 54 of 55 African countries (98%) have signed agreement while 47 of 54 (87%) which signed the agreement have deposited their ratification instruments and this includes all Southern African Development Countries (SADC).

The aim of this paper is to examine and give an overview of the current status of the implementation of AfCFTA in the SADC region. The following section will discuss key challenges and opportunities encountered in promoting trade and economic integration.

2. KEY CHALLENGES AND OPPORTUNITIES IN PROMOTING TRADE AND ECONOMIC INTEGRATION.

2.1 Key challenges

Although the objectives of the Organisation of African Unity (OAU) which is the predecessor of the African Union (AU) were broad and addressed themselves to the abolition of colonialism, defence and security, and the economic development of Africa (Shumba, 2023). The perceived weakness of the intra-African trade can be attributed to a number of factors, the most stark is the reality of the legacy of colonialism, that most SADC countries similarly retain their colonial economies. The large-scale use of

coercion was the basis for the construction of European-ruled economies that became profitable, especially in South Africa. For example, the SADC colonial history put its transport and trade infrastructure largely on getting primary commodities from the point of extraction to the coast for exportation to Europe or North America (Austin, 2010). Despite this reality, the situation has not received the needed political buy-in from SADC states, and 'on-the-ground implementation of its associated policies to reverse this legacy has been slow' (Enaifoghe & Adetiba, 2018).

Although within the SADC region, South Africa has the most firmly robust economy and by extension at a continental level, xenophobic attacks in South Africa have a negative impact on the promotion of regional integration for economic development (Enaifoghe & Adetiba, 2018). According to the research findings by the Africa Policy Research Institute of 2023, a significant part of the financial and technical support for the AfCFTA has external sources which may present challenges of diverse interests and clashes between continental and national priorities; capacity levels of national institutions; bilateral trade agreements, and volatile investment environment all affect the implementation of AfCFTA.

Physical and digital infrastructure challenges, legal and institutional barriers that restrict trading cannot be solved by mere existence of AfCFTA agreement (Kararach, Kedir, Kahsay & Abraha, 2023). Although Kararach et al., (2023) further notes that the degree of SADC commitment is uncertain, however, all SADC Countries have signed and ratified AfCFTA and this may allay the uneasiness of African people. The following sub-section will discuss key opportunities in promoting trade and economic integration.

2.2 Key opportunities in promoting trade and economic integration.

AfCFTA presents key opportunities for trade in Africa and in the regions of the continent. According to WEF (2023), these opportunities include (i) the enhancement of a more competitive market for local assembly and sourcing, (ii) political will from the local public and private sectors; and (iii) market opportunities for electric vehicles and motor vehicles.

South Africa, a SADC member state, is an attractive location for foreign investors requiring access to the rest of the African continent. SADC has massive resource base (e.g. agricultural, water, and energy resources and industrial minerals), making SADC the major player in the extraction of mineral resources through investment and

beneficiation; climate-smart agriculture with; 60% of Africa's arable land is uncultivated offering opportunities for cultivation and production and development (Hoosen, 2023).

The AU protocol on Free Movement of people without visa was adopted to fully regulate the movement of people in Africa (Amadi & Lenaghan, 2020). However, it is the opinion of this article that SADC region is not absolved from developing its own regulatory framework to augment that of the AU. Ultimately, the successful implementation of AfCFTA is expected to enhance intra-African trade, accelerate growth and promote intra-Africa investments among others. The following section will explore the success stories that can inspire and motivate other countries.

3. SUCCESS STORIES OR BEST PRACTICES THAT CAN INSPIRE AND MOTIVATE OTHER COUNTRIES.

Thus far, significant number of SADC legal instruments (60%) have been entered into; SADC is positioning its institutions such as SADC Parliamentary Forum, SADC Administrative Tribunal, SADC Humanitarian and Emergency Centre, SADC Regional Peacekeeping Training Centre, and SADC Permanent Representation to the African Union to expedite the implementation of AU flagship projects including AfCFTA (SADC, 2023).

The SADC Secretariat has a series of initiatives to build capacities in SADC countries (SADC, 2022). The SADC Secretariat has forged a partnership programme between SADC, the European Union (EU) and the German Federal Ministry for Economic co-operation and development in support of SADC obligations. This may be emulated by other regions in Africa. In addition, SADC region has also introduced a cross-border money transfer between South Africa and Lesotho and this augurs well for the Pan-African Payment Settlement System of AfCFTA. As a result, the Basotho can send money instantly and safely and at a minimal cost to another country (SADC, 2022). The following section will discuss the future prospects and advancing the goals of AfCFTA within SADC region.

4. FUTURE PROSPECTS AND STRATEGIES FOR ADVANCING THE GOALS OF AFCFTA WITHIN SADC REGION.

AfCFTA negotiations have proceeded in two phases namely, Phase I and Phase II (IMF, 2023). In Phase I, members aimed to agree on measures that regulate trade in

goods and services; simplify and harmonise trade procedures; and create a dispute settlement system and as a result, signatories have agreed to pursue those trade facilitation measures. Phase II negotiations covers intellectual property rights, investment protection, and competition policies, as well as digital trade, including women and youth in trade.

UNESCO proposed that the experience from the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the Tripartite Free Trade Area (TFTA) will provide lessons and prospects for implementing AfCFTA in the SADC region (UNESCO, 2021). All SADC member states belong to COMESA. According to Shumba (2023), COMESA is one of the largest regional economic community (REC) with a geographical area of two thirds of the African continent and almost 45% of the continent's population. In terms of the continental trade agenda, COMESA is inclusive of countries from four of the regions of Africa, thus becoming a strategic REC of the AfCFTA. SADC countries including Eswatini, Mauritius, Malawi, Zambia have ratified the TFTA and furthermore, Botswana, Eswatini, Lesotho, Namibia, and South Africa, also belong to SADC customs union (SACU) (UNESCO 2021). These countries have been preoccupied with developing national strategies which support the implementation of AfCFTA. Thus it follows that AfCFTA will significantly be influenced by the experience in COMESA and the TFTA. Since the operation of the TFTA, imports of all 13 Southern African countries have improved with top performing countries being Angola, Mozambique, Namibia and South Africa (Kararach et al., 2023).

5. CONCLUSION

This paper examined the status of the implementation of AfCFTA in the SADC region. The paper first addressed itself to the challenges and key opportunities in promoting trade and economic integration. This step was followed by a brief discussion on the success stories that could inspire and motivate other countries. Thirdly, the paper discussed the future prospects and strategies for advancing the goals of AfCFTA within the SADC region. SADC has prioritised and adopted specific projects to expedite the delivery of its strategies to support AfCFTA. However, it remains imperative to buttress the process of coordination with SADC member states including SADC planning

entities and working committees. Robust monitoring mechanism for the implementation of AfCFTA needs to be adopted and consistently implemented by SADC member states through a balanced scorecard management approach.

6. REFERENCES

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