



AFRICA-FRIDAY REFLECTIONS

"AFROCENTRIC THOUGHT"



**"UMOJA NI NGUVU - UNITY IS STRENGTH."
[KISWAHILI PROVERB]**

TIEGO NWOKORO.

Wake up, men and women of Africa! June marks mid-year; a time of reflection on how far we have come in the year. Let us track back to when we received unbelievable news at the beginning of the year 2021 about Africa. It goes without saying that the African class of 1963 was one of visionaries. Kwame Nkrumah made a clarion call for Africa to unite. Today we live to see evidence of African leaders heeding to the call.

The African Continental Free Trade Agreement (AfCFTA) was launched and operationalised on New Year's day this year. With 54 sovereign countries inside Africa, the agreement is the biggest in terms of the number of countries. It brings together the entire continent.

Thirty-three (33) countries and associated regional trade blocs have delivered ratification instruments that bind their governments and obliges them to follow implementation of the treaty.

This also officially gives a mandate to the African Union to implement what is planned. Ratification involves individual countries taking the treaty through the tests of their domestic laws and conventions to bind themselves legally to operationalisation. This process can take time but fortunately we are at a stage where enough countries have signed; turning back will be harder than moving forward.

It was thus no surprise in 2018, when the Agreement was being signed that Nigeria, one of the three biggest economies in Africa, withheld their signature until they resolved issues that business and labour constituents had raised in that country about the AfCTA.

Today Nigeria, South Africa and Egypt together contribute more than 50% to the Gross Domestic Product (GDP), or the total value of the goods and services produced on the continent. The vehicle is in full swing, with the biggest influencers on board.

Joining this kind of supranational entity requires countries to understand that there is a level of sovereignty they are giving up to be part of the movement. It is no wonder it takes time for all countries to complete their ratification but other factors like bureaucracy can be a pain.

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Mind you this move happens when much of the world is being torn apart by trade disputes and wars. Even Headlines are abuzz with countries and trade blocs implementing punitive duties on products coming in from their trade partners. It is encouraging to see Africa moving in a different direction, a movement in the way of integration.

This is a strong signal that African leaders are serious about bringing the continent together. The Agreement aims to reduce tariffs or taxes on more than 90% of products. With this move, African countries have committed to liberalise trade amongst themselves.

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This flagship project of the African Union's Agenda 2063 includes the free movement of goods, money and investments on the continent. There is a goal to harmonise customs and create a continental Customs Union which will present the same rates or taxes to the rest of the world.

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The numbers behind the plan.

The AfCFTA presents a major opportunity for African countries to tackle their domestic socio-economic challenges.

This 3 trillion dollar GDP market connects an audience of 1.3 billion people and provides possibility for the pollination of ideas across the continent. It carries with it the potential to bring 30 million people out of extreme poverty, where one is deprived of basic human needs including food; safe drinking water; sanitation facilities; health; shelter; education and information.

Furthermore, the incomes of 68 million others who live on less than \$5.50 per day, an equivalent of R75 will be boosted. If we can be able to lift this weight off, we would have already been on a path of sustainable development. An increase in intra-Africa trade will without a doubt turn the tide of de-industrialisation and bring more prosperity to the continent.

Even from the simple reason that the very people we would have lifted out of poverty, will then be actively involved in the economy, creating value and thus expanding the economy.

By the estimations of the usually sceptical World Bank, with the implementation of AfCFTA, trade facilitation measures that cut red tape and simplify customs procedures would drive billions in potential income gains. These income gains will be both on the macro and the micro level.

The Macro level.

On this level, African leaders have recognised that this is a blue sky or blue ocean (if you wish) opportunity. The political elite have demonstrated their will and fortunately for them, the conditions could not have been more perfect for growth.

One would swear that Africans are entrepreneurial by their very nature, especially when one comes across the most amazing innovations in the least imagined of places. The majority of the population in Africa is young, and a large number of these African champions of industry are waiting to be unleashed.

The AfCFTA has the impetus and potential to be the engine for development by stimulating and supporting entrepreneurs. These business men and women own or work for the small and medium enterprises that make up the bulk of companies in most African countries. In the same breath, these enterprises are likely to be informal, creating precarious working conditions for their workers. These informal and insecure working conditions will increasingly be out of the African economic landscape as the agreement is gradually implemented.

Free movement will strengthen regional product value chains that can be meaningfully inserted into global value chains.

The Micro level - how does this benefit me?

One in about 1.3 billion; that is what you are in Africa. How are you going to make sure the agreement works for you too; that you benefit from it? In whatever industry you find yourself, go out of your way to familiarise yourself with opportunities that are to be exploited.

COVID-19 restrictions aside, here you have a chance to travel, study, invest and do business with people from other African countries or possibly partner with people from all corners of the continent for a social cause close to your heart. It is an opportunity to deepen ties and solidarity amongst Africans.

Women engaging in cross-border trading in Africa demonstrates the kind of potential we are talking about with the AfCFTA. These women, sometimes called smugglers, travel the width and breadth of the continent in search for goods to bring back home to sell. Women make up to 70% of cross border traders in Africa. It follows that relaxing the many, if not all trade barriers that these women face every day when going about their business, would significantly add to overall welfare.

The expansion of choices and capabilities for women and youth through intra-Africa trade will contribute towards achieving several goals under the Agenda 2063 of the African Union: Goal 4 on transformed economies through sustainable and inclusive economic growth;

Goal 17 on full gender equality in all spheres of life; and Goal 18 on engaged and empowered youth and children are all cases in point.

The agreement protects the small business owner and encourages participation and dialogue. Indeed, all the bells and whistles presented would be meaningless if many ordinary folks do not find their interest or expression in the deal.

Changing the narrative.

Across Africa, countries have historically been exploited for their mineral wealth by capitalist colonisers. Infrastructure was laid down to get the colonisers' job done; get the commodities out of the ground, and out of Africa.

Commodities are overrepresented in the export basket African countries send to other markets such as those in North America, Europe and Asia.

These commodities are susceptible to erratic trade cycles, and are unreliable as a steady source of income. The good news is that African countries trade most amongst themselves in manufactured goods. The fact that Africans rarely trade extractive commodities such as oil and minerals to other African countries gives space for the more value-added manufactured products that account for almost half of all intra-Africa trade today.

However intra-Africa trade is at a low 20% when compared to 60% in the European Union.

As intra-trade on the continent increases, Africa's exports will also be diversified and capabilities strengthened. There is potential for sustainable growth that will place most countries on the continent on a path of reindustrialisation.



Tiego Nwokoro

This good news should not make us blind to the barriers that will challenge the implementation of this plan. Corruption, border delays and the situation with inadequate infrastructure for instance will not change overnight. Entrenched forces have to be dismantled to give way to transformation of Africa's economic landscape and the creation of productive opportunities.

People need to take ownership of this initiative and educate themselves to be adequately equipped to take advantage of what the agreement has to offer. This will shift the global marketplace significantly.

Brace yourselves; a force of Africa coming together!