

ASSESSING GHANAIAN PRIVATE SECTOR READINESS FOR AfCFTA IMPLEMENTATION

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BACKGROUND AND OBJECTIVES OF THE AfCFTA

- ❖ It is a Single Market(Duty-free, Quota free) covering the entire African Continent with at a total population of 1.2 billion and a combined GDP of almost USD 3 trillion. So far 54 countries out of 55 (with the exception of Eritrea) have signed the AfCFTA and 27 countries have ratified the Agreement.
- ❖ AfCFTA is the most significant development in Africa since the establishment of Organization of African Unity (OAU) in 1963. It is considered as the flagship project under the AU Agenda 2063.
- ❖ It is the world's largest Free Trade Area, second only to the World Trade Organisation (WTO) in terms of the number of member states.

AMONG SOME OF THE OBJECTIVES OF THE AfCFTA ARE TO:

1. Create a single market for goods and Services



2. Ensure free movement of persons and Investments

3. To **add value** to Africa's abundant natural resources and promote economic diversification and industrialization



4. To **enhance access to an expanded market for SMEs in Africa on preferential trade terms**



5. Develop **regional value chains** and facilitate **cross border investments**

COMPONENTS OF THE AfCFTA

The four key components of the Agreement are:

1. The **Framework Agreement** incorporating the principles, guidelines and modalities for negotiations.
2. Protocol on **Trade in Goods** with relevant annexes.
3. Protocol on **Trade in Services** with relevant annexes.
4. Protocol on **Working Rules and Procedures** for disputes settlements.

PROTOCOL ON TRADE IN GOODS

- ❖ 90% tariff liberalization has been adopted as the level of ambition for Trade in Goods for both Developing Countries (DCs) and Least Developed Countries (LDCs).
- ❖ The additional 10% of tariff liberalization is composed of 7% for sensitive products and 3% for exclusive products.
- ❖ Developing Countries are required to liberalize tariffs over 10 years; and LDCs over 13 years.

PROTOCOL ON TRADE IN GOODS

- Special concession has been granted to 6 countries(G-6)to liberalize over 15 years.
- The G6 States are Ethiopia, Madagascar, Malawi, Sudan, Zambia and Zimbabwe.
- The Annexes to the Protocol on Trade in Goods cover Rules of Origin (RoO), Trade Facilitation (TF), Transit Trade (TT), Technical Barriers to Trade (TBT), Sanitary and Phytosanitary Measures (SPM), Non-Tariffs Barriers(NTB), Trade Remedies(TR), Customs Cooperation (CC).

PROTOCOL ON TRADE IN SERVICES

- ❖ The scope of Trade in Services negotiations will cover all service sectors as well as all modes of supply defined under the WTO General Agreement on Trade in Services (GATS) and there shall be no a priori exclusion of any service sector or mode of supply of services in the negotiation.
- ❖ The 5 priority Services Sectors namely Transport, Communication, Financial Services, Tourism and Business Services for the 1st round of negotiations have been adopted.
- ❖ Member States may liberalize more sectors based on the principles of variable geometry and reciprocity.
- ❖ The Annexes to the Protocol on Trade in Services include the Agreement on Single Air Transport in Africa.

ADDITIONAL PROTOCOLS TO BE NEGOTIATED IN PHASE II

- ❖ Three (3) additional Protocols will be concluded in the Second Phase of Negotiations:-
- ❖ **Investment**-Provisions for the promotion, facilitation and protection of investment to galvanise the investment needed to restructure Africa's economies.
- ❖ **Competition Policy**-Provisions to enable fair competition and market outcomes to stimulate industrialisation, competition and development.
- ❖ **Intellectual Property Rights**-Provisions to incentivize increased innovation, ensure a level playing field and support trade.

OPERATIONAL PHASE OF THE AfCFTA

Setting up of AfCFTA Secretariat

- Commencement of work by the interim AfCFTA Secretariat **July 2019**
- Selection and appointment of the Secretary-General and key Secretariat Executives **SG Selected (Feb. 2020) other executives yet to be selected**
- Setting up of Permanent Secretariat to be completed **Mar. 2020**
- **Submission of final Schedule of Tariff Concessions and outstanding Rules of Origin** **Jan. 2020**
- **Start of Trading and Dismantling of Tariffs** **July 2020**

What is in it for Ghana?

- Ghanaian businesses need take advantage of the agreement by producing and exporting to other African countries
- Local industries need to expand their capacities to be able to produce quality goods and services at economy of scale
- More jobs can be created by taking advantage of the huge market.
- AfCFTA will open up new market access opportunities under preferential terms for Ghanaian producers particularly SMEs.

PROBLEM STATEMENT

Private sector is the key player in the agreement

A strong private sector is needed, otherwise:

- The country cannot produce and export competitively to other parts of the continent and cannot take full advantage of the agreement
- The country would turn out to be importing goods from countries with a strong manufacturing sector like South Africa, Morocco and Tunisia
- Once a country becomes a net importer of goods, it can result in the loss of jobs, revenues among others

How can the private sector take full advantage of the agreement?

- Since the agreement is about the private sector, they need to understand same, and even the opportunities and challenges associated so that they can be prepared for it
- They needed to be consulted to understand their concerns- Nigeria did that but Ghana did not do that fully their concerns
- This has necessitated this consultation

IS the private sector Ready?

- ❖ There are have been some comments by private sector organizations and industry players sounding alarm about their non-readiness for the implementation

What needs to be done? How do we tackle this?

There is the need to undertake a research to aid in understanding how the AfCFTA will affect different groups of stakeholders.

Essence:

This will help Ghana to develop a roadmap to help stakeholders access the benefits of the CFTA and see how best we can mitigate the negative effects of the challenges to be faced by certain sectors.

RESEARCH OBJECTIVES

Overall objective

The overarching objective of the study is to assess the Ghanaian private sector readiness towards the implementation of the AfCFTA and to come out with diagnostics report which would help to develop practical steps in addressing those gaps and challenges.

RESEARCH OBJECTIVES

Specific objectives:

1. Understand Ghana's trade with the rest of Africa with the view to identifying sector/products the country can leverage on to take advantage of the AfCFTA.
2. Assess the knowledge of the private sector on the AfCFTA
3. Understand the capacity of the private to produce and export to other African countries
4. Assess the understanding of the private sector of the rules of origin under the AfCFTA
5. Challenges confronting the private sector concerning producing and exporting to other African countries

THANK YOU