

African Continental Free Trade Area and Economic Communities' Agreement Ambitions, Challenges and Solutions Open access

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ABSTRACT

The current research paper aimed at a theoretical review of the African Continental Free Trade Agreement with a statement of the economic groups on the continent and shed light on the most important economic goals that they all strive to achieve, research the departure of the most important ambitions to be achieved as a result of the implementation of the agreement and a statement of the most important challenges facing them and finally monitoring the most important proposals to deal with these challenges.

The paper concluded that the agreement is a great opportunity for the continent of Africa to achieve the aspirations of the African peoples in economic growth due to a real increase in the average incomes of individuals, but this agreement faces many challenges, the most important of which are bureaucratic problems, as well as the great diversity of cultures as well as languages and the lack of unification of strategic visions in the countries of the continent.

Key words: *African, Trade, economic communities*

1.Introduction

The continent of Africa is one of the continents of the world rich in its natural resources, as the continent contains a large stock of precious metals, platinum and silver, which is available in countries such as South Africa and Congo, as well as oil and natural gas, which is available in countries such as Egypt, Nigeria, Libya and Algeria, and large agricultural resources represented by extensive agricultural lands spread throughout the continent, and this in addition to water resources, which the Nile River is one of the most important of these resources and extends through nine countries, other than that the black continent is also characterized by the presence of wildlife and Biological Diversity, and one of the most important resources on the continent, which is tangible but with a significant impact on the reality of The situation on the continent is cultural diversity, where culture on the African continent is also a great economic wealth that can be invested .

In addition to the above natural resources, the continent also includes enormous human wealth and at the level of economic entities, the African continent is full of companies, whether large, small or medium These combined resources are capable of turning the tide of development and development if they have opportunities for success and favorable economic conditions, and this is what the African Continental Free Trade Area agreement seeks to achieve in cooperation with economic groups on the continent .

The current research paper seeks to shed light on the African Continental Free Trade Area Agreement and the continent's economic groups in order to reveal the most important ambitions and challenges and propose a set of solutions through a theoretical study of the reality of the agreement .

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2.African Continental Free Trade Area agreement

A) definition of the agreement:

The African Continental Free Trade Area agreement (AfCFTA) is an agreement created with the aim of promoting economic integration between the countries of the African continent, the agreement was signed in March 2018 in the Rwandan capital Kigali, and entered into force on January 1, 2021, the agreement includes 54 African countries, making it the largest free trade area in the world in terms of the number of participating countries. By promoting economic cooperation between African countries, AfCFTA aims to achieve sustainable economic development and enhance the global competitiveness of the African continent.

A free trade area is a trade bloc in which member states sign a free trade agreement to reduce trade barriers, represented by customs tariffs (tariffs) or limited quotas between some of them, or completely eliminate them, usually this agreement includes cooperation between countries to reduce non-tariff trade barriers and increase trade with each other.

The World Bank report confirms that this agreement can achieve significant economic and social benefits in the form of accelerating economic growth, increasing incomes and reducing poverty. It will help Africa to diversify its economic activities, shift to industrialization and reduce its dependence on exports of a small number of primary commodities such as copper, oil and coffee. Women and skilled workers will be among the biggest beneficiaries, albeit to varying degrees between countries.

The main objective of this agreement is to promote trade exchange between African countries by removing trade barriers, allowing a more efficient flow of goods and services between member states. This step is expected to stimulate economic growth on the African continent, create new jobs and improve the standard of living.

3.The objectives of the African Continental Free Trade Area agreement are summarized as follows:

- 1) creation of a single African market for goods and services. This means that the majority of trade barriers will be removed and common policies will be established).
- 2) to facilitate the movement of goods, money, people, business and services as well.
- 3) facilitate trade exchange processes on business, especially small business
- 4) removal of non-tariff barriers; that is, measures that make trade exchange between African countries difficult, such as delaying customs clearances.
- 5) building African expertise in the fields of intellectual property rights, investment, competition and e-commerce
- 6) reducing the value of tariffs and taxes between member states
- 7) assistance in the development of policies aimed at facilitating trade exchange and related services, such as the construction of roads and facilitating access to ports

4.The African Free Trade Area is similar to other free zones in the world, including:

- 8) European Union: the European Union is the largest free trade area in the world, where a single market for goods and services has been created between member states.
- 9) North American Free Trade Area Agreement (NAFTA): it was a free trade area that included the United States, Canada and Mexico, and was replaced by the United States-Mexico-Canada agreement (USMCA) in 2020.

- 10) Southeast Asian Free Trade Area (ASEAN): includes ten countries in Southeast Asia and aims to promote economic integration in the region.
- 11) The Middle East Free Trade Agreement (MENA): seeks to promote trade between the countries of the Middle East and North Africa.
- 12) Free Trade Area agreement of several Latin American countries: seeks to promote trade between member countries in Latin America.

5. Economic groups on the African continent

-The African Free Trade Area is supported by eight regional economic groups accredited by the African Union, namely :

1. The Arab Maghreb Union (AMU) was established in February 1989 for the purpose of coordinating, harmonizing and adapting its policies to achieve sustainable development in all sectors of human activities.()

2. The common market for eastern and Southern Africa (COMESA) is a regional economic group in Africa with 21 member states and stretches from Tunisia to eSwatini.

3. The community of Sahel-Saharan states (CEN-SAD) is a regional grouping that includes many African countries and was established in February 1998, and aims to strengthen economic and social cooperation between member states such as economy, development, security, culture and infrastructure, in addition to strengthening cultural and social ties between member states.

4. The East African group (EAC): is an intergovernmental organization of six countries in the African Great Lakes region, established in 2000 by Kenya, Tanzania, Uganda, Rwanda and Burundi, after which South Sudan and Burundi joined it. With the aim of promoting economic and political integration between the member states. In areas such as trade, investment, infrastructure, sustainable development, food security, health, education and political integration, including a full customs union between member states, liberalization of the movement of workers and services, coordination of economic policies and legislation, development of common infrastructure to support trade and transport between member states

5. The economic community of Central African states (ECCAS) is a regional grouping of 11 countries in Central Africa. The organization was established in October 1983 with the aim of strengthening economic and political cooperation between member states. The group comprises Angola, Cameroon, the Central African Republic, Chad, the Congo, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome And Principe with the aim of enhancing cooperation in multiple areas including trade, transport, infrastructure, energy, agriculture, security, culture, science, technology, education and health. The group also works to promote peace and security in the region and to resolve conflicts between member states.()

6. The economic community of West African States (ECOWAS)

The economic community of West African States (ECOWAS) is a regional economic bloc . The organization was established on May 28, 1975 with the signing of the Lagos treaty. ECOWAS aims to promote cooperation and integration, comprising 15 countries in West Africa: Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-

Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo, ECOWAS seeks to achieve sustainable development in the region and promote economic, social and cultural integration among member states. Its objectives include strengthening cooperation in areas such as economic policy, economic integration, agriculture, industry, transport, energy, infrastructure, security, peace and stability in the region, ECOWAS also promotes cooperation in areas such as health, education, environment, communications, labor, food security and social policy, through joint legislation, agreements, programs and projects that promote regional integration and strengthen cooperation between member states.()

7. The Intergovernmental Authority on education (IGAD)

This Intergovernmental Authority on education(IGAD) is not an organization related to education, but a regional organization in East Africa that focuses mainly on political, security, economic, social and environmental issues. The abbreviation IGAD refers to the governmental authority for development in East Africa, IGAD was established in 1996, and includes the countries of Sudan, South Sudan, Eritrea, Ethiopia, Djibouti, Kenya, Uganda and Somalia, the organization aims to enhance cooperation and regional integration between member states and promote sustainable development and resolve humanitarian issues in the region, and one of the most important priorities of IGAD is cooperation in areas such as security, conflict resolution and political, economic, environmental and social cooperation. The organization works to achieve peace, security and stability in the region, as well as to promote sustainable development and economic, social and cultural cooperation between member states.

8. Southern African Development Community (SADC)

A community founded in 1980 and the convention was amended in 1992. With the aim of achieving economic integration and sustainable development in the region, the organization includes 16 countries: Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe, Madagascar and the Comoros.SADC works to achieve the Sustainable Development Goals by strengthening economic, social and political cooperation between member states. Its objectives include promoting trade and investment, improving infrastructure, developing human resources and promoting cooperation in areas such as agriculture, industry, energy, transport and communications. SADC is also working to strengthen cooperation in areas such as security, defense, human rights and sustainable development in the region.

6. From the above-mentioned various African blocs that all support the African Continental Free Trade Area agreement, it can be noted that all these Blocs operate in a number of axes:

- 1) regional integration and promotion of economic and social development on the continent: these blocs provide a framework for cooperation between member states in a variety of sectors including trade, investment, infrastructure, technology, culture, and security.
- 2) economic integration: the blocs seek to promote trade and economic integration between member states by removing trade barriers and facilitating the movement of goods, services and people.

3) sustainable development: the blocs work to promote sustainable development in the region by focusing on issues such as agriculture, infrastructure, energy, education, health, and the environment.

4) political cooperation: in addition to economic cooperation, the blocs also seek to achieve political and security cooperation by resolving conflicts and promoting security and stability in the region.

Despite the different time plans set by the African economic blocs to reach the various stages of integration, the African economic groups have made slow progress in those stages, as most blocs are at the second stage of integration (free trade zones), and have not achieved steady progress in the stages of free movement of people, economic or monetary union. Intra-African trade between the existing African blocs is also considered to be low compared to other regions of the world, despite decades of negotiations and agreements within those blocs, as the data of the United Nations trade and development organization "UNCTAD" for 2021 shows that intra-African trade is the lowest among all regions of the world, reaching only about 12.65% of Total African trade, compared to 68.49% for the European Union, 58.51% for Asian countries, and 30.41% for North American countries, and this in light of the intensive dependence on the EU countries as the main trading partner of most African bloc countries, both in the import and export side

7.the desired ambitions of the African Continental Free Trade Area Agreement and economic groups:

-Reports issued by many institutions, including the World Bank, indicate many of the desired ambitions of implementing the Continental Free Trade Area agreement in Africa,

1) the agreement should create a single continent-wide market that brings together 54 countries with a combined population of 1.3 billion people and a total GDP of 3.4 trillion dollars.

2) reduce barriers to trade and investment, enhance competition and thereby increase the attractiveness of Africa to regional value chains and investors.

3) elimination of customs duties on 90% of goods and reduction of barriers to trade in services.

4) increase real income by 7% by 2035.

5) reducing the number of people living in extreme poverty by 40 million to 277 million.

6) preventing long delays at the border, reducing trade costs to achieve a potential increase in incomes estimated at 450 billion dollars.

8.challenges facing the ambitions of the African Continental Free Trade Area Agreement and economic groups:

Despite the efforts of the economic blocs on the continent, there are still many problems that still need a lot of efforts, including:

1) weak infrastructure: The lack of infrastructure in some countries hinders the movement of goods and services, and negatively affects the ability of countries to participate in regional and global trade effectively, and this was emphasized by the ministers of infrastructure in Africa on the future of infrastructure and priorities for its development until 2030, the conference recommended in general to the importance of developing the priorities of the projects of the second priority action plan for the infrastructure development program in Africa, the governance structure of the unified African electricity market, and called on the member states of the African Union, regional economic communities and stakeholders to join efforts in order to achieve achievements infrastructure development ambitions in Africa. ()

- 2) trade barriers: there are still trade barriers such as high customs duties and complex bureaucratic procedures that hinder free trade within the continent. Emphasis should be placed on simplifying procedures and reducing trade barriers to achieve greater regional integration.
- 3) lack of economic diversification: many African countries are highly dependent on a small number of natural resources or products, which increases the complexity of trade and makes it more volatile and vulnerable.
- 4) political instability: political conflicts and armed conflicts in some regions negatively affect economic and trade stability, restricting freedom of trade and reducing opportunities for economic growth.
- 5) lack of investments: some African countries lack the necessary investments in vital sectors such as infrastructure, education and technology, which reduces the ability to innovate and increase competitiveness in the international market.
- 6) cultural, linguistic and economic differences between the member states, as the cultural roots in the continent are very diverse in cultures that overshadow supply, demand and needs, both at the level of trade activities or services on the continent, as well as the diversity of languages, where the population speaks more than 2000 different languages. Some common languages include Swahili, Hausa, Yoruba, Zulu, Arabic, French, English, along with many other local languages, which may represent a significant obstacle to trade liberalization and African integration.
- 7) religious differences: Africa is characterized by a great diversity of religions and beliefs, as the population practices a variety of different religions, including Islam, Christianity, African traditional religions and other religions, which is also considered one of the challenges that can represent an obstacle in the process of African integration, but it may also be a good opportunity to develop the continent's exports abroad.

9. ways to deal with the challenges facing the ambitions of the African Continental Free Trade Area Agreement and economic groups:

- Through the above-mentioned challenges, a set of proposals can be put forward to deal with these challenges

- 1) generalizing development strategies and building common future visions based on achieving the interests of the peoples of the continent together without the interest of one party at the expense of the other.
- 2) careful and careful study of the continent's economic resources, including, but not limited to, " indicates that 84% of the new reserves in the pre-production phase are located in countries newly entering the gas market, including Mozambique, Senegal, Mauritania, Tanzania, Algeria, Egypt, Nigeria, Angola, Libya, South Africa, Ethiopia and Morocco, as shown in the following table

Country	Reserves (BCM)	Reserves (BCM)
Mozambique	2307.4	44.91
Senegal	778.7	15.16
Mauritania	574.6	11.18
Tanzania	512.5	9.98
Algeria	192.7	3.75

Egypt	192.6	3.75
Nigeria	155	3.02
Angola	143.6	2.80
Libya	102.2	1.99
South Africa	96.3	1.87
Ethiopia	42.5	0.83
Morocco	39.4	0.77
	5137.5	100

3) promote and gradually strengthen cross-border trade and investment policies in accordance with the Protocols of the agreement.

4) facilitate trade in digital services, remove restrictions on foreign direct investment, liberalize labor mobility.

5) treatment of trade problems based on political, sectarian or ethnic problems, including what is happening in Sudan, as well as problems based on water quotas in the Nile Basin countries

6) setting a stated priority for the formation of small and medium-sized companies with the achievement of technical, technical and economic interconnection to ensure the success of these companies.

7) focus on the agreement to include a clear framework for linking its objectives and the Sustainable Development Goals .

8) looking at the social returns from the liberalization of continental trade along with the economic and financial returns.

9) reducing monopolistic phenomena within the continent and the consequent imbalance in the level of free competitiveness.

10) teaching a course for all undergraduate students at the faculties of Commerce and its equivalents about the continental Agreement and ways to benefit from it in the development of startups.

10.Conclusion

In light of the above-mentioned topics, it can be noted that the existing efforts to localize the African Continental Free Trade Area agreement are indeed many and varied endeavors, but in general, they lack generalization and harmonization with the local national strategies in each country, which explains the reasons for the decline in development indicators in Africa compared to the objectives of the agreement, which calls us to work to increase efforts in order to deal with the challenges facing the ambitions of the African Continental Free Trade Area Agreement and economic groups, some of which have already been mentioned in the body of the Presented paper

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