

The Allegory of the African Continental Free Trade Area; An Optimistic Prescription?

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Abstract

The African Continental Free Trade Area is an initiative aimed at establishing an economic block across the African continent, drawing parallels with the antecedent of the European Community, which pioneered economic activities and integration in Europe prior to its full assimilation into the broader framework of the European Union in 2009. The intention of this paper is to uncover potential opportunities while also illuminating possible obstacles that, if not adeptly managed, could impede the trajectory of economic integration in the promising African continent. The choice of an allegorical title is deliberate, aligning with the nuanced points this paper seeks to underscore, derived from a series of observations, although infused with substantial optimism. This study examines the potential influence of structural, contextual, and operational dynamics, predominantly observed within many African countries, on the outcomes of major integration initiatives and its associated goals. Drawing insights from the experiences of other nations and continental economic alliances, the analysis assesses how these shared dynamics may condition and shape the consequences of this landmark integration decision. Notably, the emphasis shifts from the investigation itself to the prospective impacts of integration, as informed by empirical evidences and contextual considerations. Key dimensions such as capital accumulation, labour growth, and increase in productivity emerge as critical factors in reinforcement of the quest for sustainable economic growth.

Keywords: AfCFTA, economic integration, development, growth

JEL codes: E02, F43, F53, N10, P00

Introduction

The continent of Africa as a whole has suffered and faced the shocks of economic under-development and backwardness, and its position in global economic competitiveness remains largely poor compared to other continents. With this perilling state of affairs and the increasing threat of the countries becoming failed states, some respective leaders (44 of them) signed an accord in March 2018, or rather what would be a framework, to establish a common continental marketplace to ease exchange of goods, businessmen and women, capital and services under the acronym of AfCFTA, the African Continental Free Trade Area, which has grown in numbers since its inception. Africa remains known to the world as a continent endowed with so much richness in resources, and a phenomenally populous youth, necessitating the need to grow its economy and, consequently, improve on human development in the continent¹.

This paper explores the recent move towards a single continental economic block in the likes of the EC, which spear-headed economic activities and integration in Europe before its final absorption into the European Union's wider framework in 2009, to expose the opportunities and showcase the possible hurdles that, if not carefully handled, will bring this process of economic integration in a promising continent like Africa to a standstill. The allegory was carefully chosen with high optimism and after several observations, to well situate the points this paper seeks to highlight.

It further evaluates how structural, contextual and operational dynamics, common to many African states, would probably condition and influence the impact on the goals this milestone of integration seeks to achieve. This is done by drawing lessons from current happenings and experience from other countries and continental economic blocs, which may be useful in limiting these constraints.

Adopting a deductive research approach, this paper makes use of generalizations of the foreseen benefits of economic integration following the creation of the AfCFTA. This approach usually starts with a theory-driven hypothesis, which guides data collection and analysis. This method presents the opportunity to examine causal relationship between the points examined below and the variables involved, while also offering the opportunity to generalize the analysis and findings to a certain extent. This article picks its basis in this approach from the Pan-African idea, which gains its roots from the integration theory. This can be argued to be the reason for the formation of all unions in the continent long before independence. It is also used to unravel the points of detachment that have hindered this

1 United Nations. Economic Commission for Africa; United Nations Environment Programme; United Nations. Food and Agricultural Organization (2014).

dream so far, to arrive at the conclusions and propositions in the ensuing sections. The deductive research approach is relied upon in this paper, since it provides a step down from conceptualization of the idea of AfCFTA to confirmation of the realization of its goals in the years to come. It thus helps to observe the current move towards the AfCFTA and creatively decide on the problems it seems to face and how they may be solved.

This paper is structured into three sections. The first section sheds light on the theoretical basis from which this milestone project sprang, following the examples of successful economic schemes such as the EEC, today known as the EU. The second section then explores the major characteristics of the African continent, unearthing the features that explain why past regional economic groupings have been unable to achieve their agendas so far, and does so by highlighting the structural differences between the European community and the African community. The third section summarizes the paper's analysis and concludes based on the realities between these communities.

On its part, the AfCFTA is an African scheme, designed to hopefully engulf all African countries in a single Free Trade Area, the largest of its kind. The purposes and intention of the AfCFTA is defined in its framework agreement. The conceptualization of the AfCFTA is to create a single market for goods, services, and facilitate the movement of people and capital. It also seeks to serve as a basis for a Continental Customs Union, encourage industrial development and, most importantly, mitigate the hurdles of too many and overlapping memberships and foster the process of integration at the continental level. The original vision from which the AfCFTA springs remains the Pan African dreams, which the African Union Agenda 2063 furthers.²

1. Theoretical basis of the AfCFTA

Several theoretical underpinnings explain the decision of the African leaders to come together and trade with each other. It will be impossible to understand integration without visiting liberal theories such as the 'functionalism and neo-functionalism' theory of David Mitrany [1948] and Ernst Haas [1966], and the 'Liberal intergovernmentalism' theory of Andrew Moravcsik [1995]. These theories, amongst others, explain the logic behind integration and how they emerge and develop. According to the explanations of Mitrany and Haas, integration begins with very low-profile cooperation involving specific and technical cooperation such as economics, as is the goal of the AfCFTA, which may then spill over with time, to involve other forms of integration and cooperation. The economic step currently being

2 See African Union Commission, 2018

taken by the African continent represents well the propositions of this theory. Moravcsik's theory of Liberal intergovernmentalism is also worth considering when examining the conceptualization of the AfCFTA. According to this theory, integration schemes like the AfCFTA happen because member states tend to benefit from it. This theory outlines the importance of unity in tackling common problems in a region or continent. Economic integration is the art of "abolition of discrimination"³ in trade. Another very instrumental theoretical basis for integration is Viner's Customs Unions Theory, revisited lately, provides a solid foundation to the analysis of trade creation and trade diversion,⁴ detailing the advantages and disadvantages of integration. Viner's theory has been particularly interesting because he pioneered the idea that trade liberalization was not generally beneficial for the welfare of all the members of the integration scheme. This theory thus triggers consideration of the effects of abandoning the already established trade relationships with foreign countries, most of which would be more economically viable western trade partners with whom trade has been exchanged for decades.

The trajectory which the AfCFTA seems to be moving towards resembles what Dawn Nagar designs as the "Pan-African Economic Integration theory".⁵ Said theory is designed to suit the current tides of economic situation in which the continent finds itself, where trade with external partners renders trade amongst members almost insignificant. Applying this theory to AfCFTA advocates that:

*"for economic convergence to occur...member states must carefully and sparingly consider the impact of external trade international agreements that appear to favor regional trade, and instead consider forging stronger African trade partnerships that can benefit trade growth such as agro-industrialization driven commodities and the blue economy"*⁶

The continent of Africa remains the only continent wherein trade among its member states still stands very low in present times. Factors such as the agrarian nature of the economies due to the lack of sufficient technology for revitalization, most of the states produce almost the same thing as the other states produce, thus limiting the possibilities of exchange. The same thing is true for infrastructural developments of inadequate facilities such

3 See Balassa, Bela. "The theory of economic integration." *Homewood, IL: Richard D. Irwin* (1961). P. 1 (This book is very important because Balassa actually differentiates between integration and cooperation, thus laying a stronger meaning to the objectives of integration schemes)

4 See Viner, Jacob. *The customs union issue*. Oxford University Press, 2014. P. 34

5 See Nagar, Dawn. *Politics and Pan-Africanism: Diplomacy, Regional Economies and Peace-Building in Contemporary Africa*. Bloomsbury Publishing, 2019. P. 147-

6 *Ibid*, pp. 148-9

as road networks, easy access to trading ports and means of transportation are very crucial for trading venture.

Talking of transportation, the problem of low density and poor quality road networks is not new to African governments. The continent has been struggling for decades to alleviate this situation by setting up institutions to manage and maintain the road networks. However, Africa's infrastructural investment gap remains more than \$100 billion yearly as an estimation, which greatly affects the living conditions in the continent and its ability to compete globally⁷. A previous report by the African Development Bank had concluded that 53% of the roads in the continent are unpaved, and less than half of the continent's rural population has access to all-season roads. Meanwhile, road safety is an alarming issue, claiming not less than 225 000 deaths yearly, contributing to about one-fifth of the global total fatalities resulting from road accidents. The continent can only boast of about 84 000 kilometers of rail tracks totally⁸, which are often poorly maintained and outdated. While a lot of work and initiatives, such as the Trans African highway project and associated projects, have been put to ameliorate this infrastructure gap, their progress and recent official figures remain unclear. Another important and highly controversial initiative is China's Belt and Road Initiative, entirely funded by China, to provide the continent with a Trans African Railway and road cutting across several countries to facilitate transportation and trade.

These factors have since time immemorial stood as a great stumbling block to economic exchanges in the continent. The continent's history presents another very interesting cleavage between its economic relations with the external world. It has conditioned the nature and flow of trade in these countries, forcing the level of competition to a realm where they cannot survive without depending on external aid and so-called debt cancellation to remain in business. Bulte et al.'s⁹ analogy of similar situations like what we witness in Africa today is comprised of 'extractive economies'. The historical trend of the structure of the African economies has been that the countries produce what they do not consume, while consuming most often

7 African Development Bank. <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-sets-course-close-infrastructure-gap-board-approval-its-first-public-private-partnerships-strategic-framework-48875> (Page consulted on 02.02.2022)

8 ADB, Tracking Africa's Progress in Figures https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Tracking_Africa%E2%80%99s_Progress_in_Figures_-_Infrastructure_Development.pdf

9 This study by Bulte et al. (2005) examines the paradox surrounding why resource-rich countries tend to perform economically very slower than resource-poor countries by applying the relationship between resource wealth and several measures of human development.

what they do not produce. This explains why most of the continent's trading partners remain advanced economies from other continents. Over the years, the continent's trade potentials have drastically reduced by declining and undiversified exports, comprised mostly of natural resources, placing the continent on the sidelines of all trading blocs in the world, which effective intra-trade would help preserve.

The Pan-African economic integration theory further concludes that for the African continent to attain the necessary conditions to achieve economic growth and curb global inequality, the nations of Africa must adopt and develop stronger trade bonds and relations with each other, and other countries of the same socio-economic foothold¹⁰. This is to limit the exploitative nature of the present economic relations with more powerful nations, and set a pace for a unified and progressive development.

2. Why Allegory?

The signing and adopting of the African Continental Free Trade Area on March 21, 2018 was followed by extraordinary speed shown in depositing instruments of ratification by the various states¹¹. With great joy in the hearts of Africans towards the formation of this union, questions of conceptualization and realization have become common, due to the fact that there already exists a plethora of regional and inter-regional economic groupings in the continent. The AfCFTA, a body that sees a bright future in increasing market efficiency and reducing the cost of business in the continent by offering opportunities of scale, also strives to raise the levels of competitiveness in the continent's economies and with the world at large¹². Will the AfCFTA be just a symbolic representation? Whether it will go beyond symbolism depends in part on the depth and scope of the provisions and commitments currently being negotiated. The need of being able to differentiate between conceptualization versus implementation/realization is imperative for the future of AfCFTA. The allegory was carefully chosen with high optimism and after several observations, to well situate the points this paper seeks to highlight. It explores the major characteristics of the African continent in order to explain why past regional economic groupings have been unable to achieve their agendas so far, and does so by highlighting the structural differences between the European community from which the example is taken and the African community.

Raising the hopes of economic competitiveness in Africa is a far-fetch dream, since it is a continent where majority of the countries' economies

10 Nagar, 2019: 159

11 Albert, 2019

12 Ibid, p.11

have been and continually are being ravaged by armed conflicts and political instabilities. This puts into question the ability of most of these states to effectuate the necessary operational and institutional reforms which are critical for the smooth running of a single continental economic world-class block. A few of the continent's economies such as Nigeria, South Africa, Ethiopia, Rwanda and Ivory-coast, though late, have stood the test of time in proving to be increasingly competitive not just in the continent, but in the world market. Through the institution of some strong macro-economic policies, their economic share of the world market was on an upward trajectory through their ever-growing trade surpluses over the years. Growing together in a bigger operational common market as this new economic block means emphasizing the importance of competitiveness within these economies. It also reduces the impacts of fluctuations in the events surrounding the world market on these individual nations, which in my opinion, must also come with political competitiveness and liberalization.

Globalization has cut across every part of the globe and its effects cannot be undermined. It has affected every part of human society from social life, to politics and economics. Such effects cannot be ignored in Africa, as it intends to make another, rather bold step towards globalism; the AfCFTA. Comparative advantage has been the guiding agenda driving the globalization train, which preached undisrupted equilibrium in trade between states, but these assumptions have been short-lived, as the world continually sinks into the abyss of economic, human and environmental decadences. Africa's trade with foreign powers can be described in the best terms as 'a rent seeking relationship' benefiting only the political class, who have often neglected the needs of the society, leaving behind a lot of environmental costs that still ravage the continent without any fruitful solutions at hand. The agreement creating the AfCFTA enshrines a single Free Trade Area, wherein increasing competition is encouraged, must be carefully observed. It presents not only major opportunities, but also big challenges in boosting intra-African trade, and does not seek to merge the already existing Regional Economic Communities and Free Trade Areas. There is no doubt that structural transformations, technological development, promotion of economic diversification and the enhancement of local human capital, as noted Sawere and Ndolo¹³, would be the outcome of an integrated African economy under the AfCFTA, with expanded markets for goods and services, reallocation of resources, the undisturbed movement of labour, capital and other factors. With the conception of this union gaining momentum, decisions to liberalize trade amongst the signatory member states must be done with some caution. Several reasons may impede

¹³ See Approaching the CFTA services negotiations: Which way towards delivery by 2017? By Viola Sawere and David Ndolo in Bridges Africa, Volume 5, Issue 4, May 2016.

this.

2.1. Uniting the existing Blocks

There exists eight strong Regional Economic Communities (RECs) in the African continent alone. These include: the Community of Sahel-Saharan States (CENSAD) in the north, the Arab Maghreb Union (AMU) also in the North, the Economic Community of Central African States (ECCAS) in the centre, the East African Community (EAC), in the east as the name goes, the Intergovernmental Authority on Development (IGAD) also in the east, the Common Market for Eastern and Southern Africa (COMESA) in the south-east, the Economic Community of West African States (ECOWAS) in the west, and the Southern African Development Community (SADC) in the south. This plethora of regional economic communities in Africa is wowed, but goes only to explain the distinct, divert and unidentical nature of the African continent, and this cannot be over emphasized. It must also be emphasized that these RECs have played and continually play a key and commensurable role in the politics of their respective regions by extending their roles beyond economic activities. The most recent example amongst these roles are the efforts of the members of the IGAD in curbing the conflicts in South Sudan by working in close collaboration with the African Union. The African Union's agenda 2063 for the African continent to become fully integrated, prosperous and peaceful, has been carried out through these RECs¹⁴ so far. It is no doubt that the roles of these RECs are all garnered towards securing economic development, peace and prosperity in Africa. However, as earlier mentioned, their innate characteristics, many of which are plagued by interior conflicts and modus operandi, makes their functionality in a single continental free trade area almost unrealisable. Some of these RECs have the fastest growing economies in the world such as Rwanda, Ethiopia and Ivory Coast¹⁵. These economies have developed and are growing through a set of uniquely designed set of rules that have made them stand out. Though these RECs have their own stumbling blocks, they have been at the pivot of structural transformation with regional integration in Africa. In a way, this was done to subtle the several failed attempts to efficiently industrialize by promoting exchanges within the formations, in order to curb over importation and economic underdevelopment. Amongst these RECs are some whose integration is not only based on proximity and similarity in cultures, but more compounded around their colonial heritage. Glaring examples of which are portrayed by former French African colonies making up especially the Economic Community of Central African States, (ECCAS or otherwise known as CEMAC; its French

14 <https://au.int/agenda2063/priorities>

15 See "World Economic Outlook: the great lockdown." (2020).

acronym) and the West African Economic and Monetary Union, known by the French acronym UEMOA.

As earlier mentioned, the goal of the AfCFTA is to form a single FTA over the continent, without merging existing RECs and FTA. A lot of complexity surrounds this idea, which essentially was one of the ways to unravel some of the knots of the multiple memberships of existing RECs. These have not yet been dismantled, and the feasibility of this happening anytime soon remains a mystery. The AfCFTA adds another layer of complexity, setting the ground for some confusion to say the least, if it is not carefully handled at the beginning. The rules governing these various RECs have always been different and the AfCFTA's introduction is that of an organization with different set of rules. However, the dissolution of the currently very active RECs remains uncertain, as the ratification of the AfCFTA agreement shows a rather uncompromising and somewhat divisive turn-out. While we would have expected to see a pool of ratification based on the existing economic blocks, many countries within the blocks are still undecided, as they are concerned of ratifying the agreement which they all signed, and also of depositing the ratification instruments. Records shows that only 32 countries have deposited their ratification instruments¹⁶ in cognizant to the AfCFTA agreement. Is the AfCFTA going to be a pseudo-continental free trade area? Few months into the expected full operationalisation deadline of July 7th, 2019, all signatories to this agreement are still to gain the full attention of the aspirations of AfCFTA, and are quite inimical. This is a reflection of the deep complexity surrounding the decision to assimilate very different and asymmetric economies cutting across the African continent.

2.2. National and Sovereign interests and the health of the AfCFTA

Integration is a “process whereby actors in several distinct national settings are persuaded to eliminate their barriers and shift their loyalties, expectations, political and economic activities towards a new centre, whose institutions possess or demand jurisdiction over existing national states”¹⁷. Having this in mind, it is worth noting that states are not known to be integrated by voluntary agreements, but are being compelled to do so, out of the perceived spill-over benefits that the existence of common values/culture, common problems and/or common predicaments mean. Also, the desire to commonly improve the quality of life in joint efforts motivates states to join integration schemes. Just as the political scene in the African

16 Visit [Tralac.org](https://www.tralac.org) for more information on the development of the AfCFTA at <https://www.tralac.org/>

17 Moga, 2009: 797

continent has always been porous, so too have been the economic activities in the continent's current economic blocks. The vision for the formation of a greater economic body (the largest of its kind in the world when comparing the number of countries, which will also have a market size of about 1.2 billion people)¹⁸ as embodied in the revelation bearing the AfCFTA, is at the mercy of sovereign and national interests. The decision to globalize the African economy comes as a move to strive for trade liberalization in the African economy¹⁹. Economic nationalism coupled with national identities have always governed the activities of the RECs in Africa, who remain largely fragmented along colonial and historical lineages and various forms of protectionism. Internal tension is common among ECOWAS members such as between Nigeria, Ghana, and Ivory Coast, especially in line with the points highlighted above²⁰. The introduction of the AfCFTA to umbrella the various RECs and sovereign states could best be described as rather convergent, divergent and overlapping. This breakdown shows how very matching the general idea may look, but a deeper overview of it will show a more robust and comprehensive environment, which already is very heterogeneous, comprised of economies of diverse policies, running currencies and different levels of development. Nagar, examining the nature of Pan-Africanism and the role played by powerful states in regional economic and security organizations, highlights how dangerous it can be if national interests direct the actions of strong states only where their interests are at stake²¹. An economic integration venture in the guise of AfCFTA is very enticing and the level of political commitment must be carefully considered. Earlier scholars have warned against the lack of political commitment in economic integration schemes, stressing how constructive greater commitment can be and also how destructive the lack of commitment could be.²² Looking at who stands to gain from what, when and where, the AfCFTA shall present a set of opportunities to its participating countries,

18 See Brookings Report by Joshua Miller, 'African Continental Free Trade Agreement Meets Ratification Threshold for Approval', *Brookings Report*, April 6 2019, <https://www.brookings.edu/blog/africa-in-focus/2019/04/06/africa-in-the-news-african-continental-free-trade-agreement-updates-algerias-president-resigns-and-vodacom-tanzania-executives-face-criminal-charges/>

19 See African Union Commission, 2018

20 Qobo, 2007: 3 and Langer et al, 2007

21 Nagar, 2019

22 See the works of Hansen, Roger D. "Regional integration: reflections on a decade of theoretical efforts." *World Politics: A Quarterly Journal of International Relations* (1969): 242-271. He warns that if the posits of integration are not equally felt by all members in the integration scheme, some may feel threatened; and Rueda-Junquera, Fernando. "European Integration Model: Lessons for the Central American Common Market. Jean Monnet/Robert Schuman Paper Series Vol. 6 No. 4 February 2006." (2006): Page 9, wherein he looks at the political commitment of members of the EEC.

and these benefits shall be felt at different times in different countries. The scepticism of lashing out national interests in favour of a broader continental interest remains a strong point to consider, especially when uniting such numbers of economies. This also accounts for why, despite the fact that there have been signatories to the AfCFTA agreement, many countries are yet to deposit the instruments of ratification, which means that they still haven't decided yet to become fully engaged in the single and common continental market.

The importance of the capacity to implementation of the trade agreements, and also the acceleration of regional value chain by the signatory governments is crucial in achieving the goals of the AfCFTA

2.3. Existing Contradictions within the continent

African countries face numerous endemic challenges, including poor infrastructural development, NTBs, lengthy customs procedures and poor inland transportation. There are also harmonisation challenges and the need for simplified rules of origin, an ever-increasing youth population, protectionism during an age of cooperation, the handling of trade wars, quality control and convertibility. Trade dynamism is also another very important factor worth talking about, especially in the African continent, which is made up of predominantly small firms who are generally less capable to deal with the above mentioned hindrances, and also have less knowledge about regulations of trading within the continent, not as much experience, and a lesser amount of capital to face business problems.²³

The African development bank, the brain-box behind the AfCFTA, highlights that 'less than 40% of the African population has access to basic necessities such as electricity... while social infrastructure dangles at 34%,²⁴ emphasising the need for reforms and investment to ameliorate not only the infrastructural situation, but also to improve on sanitation. Further analysis show that "The continent's road freight is about 4 times more expensive, power costs 14 US cents per kilowatt-hour against 5 – 10 US cents and mobile telephony costs USD 12 per month compared to USD 8 elsewhere."²⁵ The transportation challenge, which is not only limited to physical shortages, is alarming. The restraint posed by the lack of inter-linkages between the major transportation sectors such as rail lines, renders access to ports very difficult, making many landlock countries almost unable to trade. The few existing transportation means have also had records

23 See Aterido, Hallward-Driemeier, and Pages 2011; Seker and Correa 2010.

24 Economic Brief, Infrastructure Deficit and Opportunities in Africa. "The African Development Bank Group Chief Economist Complex." (2010). P. 2

25 Ibid.

of being in very poor and dilapidating state, thus unusable, accounting for the numerous accidents recorded in these sectors. Catching up with infrastructural deficit for the next decade in Africa is a gigantic task necessitating huge financing “between USD 93 billion per annum.”²⁶ It must be noted that this figure will remain as it is depending on the GDP growth of these countries. Taking this into account, with the growing need to react to this infrastructural deficit, the question of financing comes in.

Financing developmental projects in the continent have almost been impossible, despite an array of donor agencies and private investors littered around the continent. The degree of indebtedness of the continent’s economies is not a new story, and surprisingly increasing with rising GDP for some countries. Agreeing to the terms of the AfCFTA means limiting trade with foreign trading partners, some of which have been financiers to developmental projects in the African continent. Not only could this lead to an increase in interest rates, but may also result in ‘costs of external financing rising relatively.’²⁷

Acknowledging the risks of the increase in external funding as a threat to the infrastructural development envisioned in the continent, other intrinsic forces such as security problems arising from political instability, embezzlement and capital flight and corruption must not be left behind. International records about the continent have never been encouraging. UNCTAD’s Economic Development in Africa Report for the year 2020 portrayed that the African continent, to achieve Sustainable Development Goals, currently has an annual financial gap of USD \$200 billion, out of which USD \$88.6 billion result from Illicit Financial Flows²⁸ out of the continent. These estimated figures are also accompanied by the estimated annual incomes/financing into the continent in the form of Official Development Assistance (ODA), USD \$48 billion and Foreign Direct Investment (FDI), USD \$54 billion for the years 2013 to 2015²⁹, which shows that curbing illicit financial flows from the continent could actually make the continent almost self-sufficient and capable of tackling its development goals. The report further outlines that from the year 2000 to 2015, illegal capital flight from the continent stood at USD \$836 billion³⁰, while the continent’s external debt, which is usually used to finance development, stood at USD \$770 billion in 2018³¹ as highlighted by the report, showing that the continent’s major problems have

26 Ibid, P. 7

27 See African Economic Outlook 2019 African Development Bank Group, P. 11

28 See United Nations Conference on Trade And Development UNCTAD’s Economic Development in Africa Report 2020. “*Tackling illicit financial flows for sustainable development in Africa.*” P. 45

29 Ibid.

30 Ibid. P. 202

31 Ibid.

always surfaced from IFFs out of the continent. The need for addressing accountability, by the various countries signatory to the accord, is crucial for the success of the AfCFTA, especially in the domain of high-value and low-weight commodities such as precious minerals like gold, diamonds, platinum, etc. The risks associated with IFFs, especially in sectors like high-value and low-weight commodities, is that it is hardly noticeable but goes a long way to plummet the economies' GDP, thus limiting the achievement of national projects and its development goals.

The AfCFTA countries must cooperate with each other in order to tackle mineral smuggling and tax evasion resulting to illicit financial flows, by introducing domestic transfer pricing regulations, so as to empower local authorities with the powers to challenge the multinational companies championing these evasion schemes. This, however, cannot be achieved if there's no cooperation on tax records between these countries and most importantly, if corruption is not tackled.

2.4. Bilateral relations with foreign partners

The continent of Africa has been a special hunting ground for foreign trading partners, with relations characterized as exploitative in favour of the foreign trading partners, thus the need for dismantling the colonial connections. The continent, however, continues to be imprisoned in the colonial economic model, and there are worrying signs that power-based bilateral diplomacy is on the ascendance, while confidence in rules-based multilateral diplomacy is waning. Over the recent years, while trade among trading blocks in the continent continues to fall, foreign trading with, for example, the European Union, China, Russia and America continues to increase. While many African countries have shown interest and are eligible to become part of the African Growth and Opportunity Act (AGOA), which is a United States' initiative to establish strong economic relationship with African countries, many are already in vision to become members of this cooperation involving several conditionalities attached.³² The introduction of the AfCFTA in 2018, calling for trade liberalization within the continent and establishing a common market, clashes with formations such as the AGOA. Trade between both continents between 2015 to 2017 amounted to USD \$39 billion,³³ while AGOA seeks to intensify these figures. It should be noted that the AGOA is based on individual countries, and its members do not speak as one voice.

Similarly, China has been actively present in the African continent since

32 See more on the U.S.-African Trading Future here: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/trump-administration-looks-toward-0>

33 Ibid

the 2000s, and its presence is being felt both at the micro and macro-economic levels within the government. It has also been the major financier of several gigantic infrastructural projects within the continent and is one of the highest competing economic investors and traders in the continent. Obviously, the introduction of the AfCFTA means China's position in the continent must be considered. While the trading gap between China and Africa have been very unfair, with Africa importing more from China than it exports, the volume of trade is nowhere near compared to any other external partner, standing at US\$ 208 billion in 2019.³⁴ We should recall that the dream of the AfCFTA is to encourage manufacturing and consumption within the continent, which means plummeting exports from China following the operationalisation of the AfCFTA. How this will happen is, however, worth pondering about. Earlier mentioned in this paper is China's role as a key financier of major infrastructural and economic development goals. These finances, however, come with conditionalities attached to them and many African countries are highly indebted to China, who reportedly has been very reluctant to put in place global debt relief initiatives. Africa's debt to China has been reported to be a threat to the emerging markets³⁵ several times, as most often, the conditions attached to lending have not been made very clear and public, compared to other lending agencies such as the World Bank and the International Monetary Fund. Taking into account the risks emerging from such hidden debts, the African continent has not left out, and became a major trading partner and borrower from China. Official investigation works are inaccurate, due to the lack of precise figures, and again, assessing debt repayment is not certain. This set, the AfCFTA must set in place a debt monitoring commission to categorically look into the debt and conditions attached during lending, so as to be able to measure in the future the GDP growth of the states, and prevent misrepresentation of figures of trade.

Having highlighted the watch-list for the AfCFTA, it is no doubt this scheme is a milestone venture and unique of its kind in the African continent. However, the effective implementation and successful operationalisation of the AfCFTA, establishing a continental economic integration in Africa, must encompass three essential characteristics: political commitment from all ratified members, strong legal and institutional systems, and a common set of policies and actions that strengthen integration. The European Union, an example from which the AfCFTA is mirroring, has highlighted that political commitment is a basic requirement necessary for the

34 Nyabiage, South China Morning Post at <https://www.scmp.com/news/china/diplomacy/article/3046621/chinas-trade-africa-grows-22-cent-2019-us208-billion>

35 See report by The Wall Street Journal 'Hidden Chinese Lending puts Emerging-Market Economies at Risk' <https://www.wsj.com/articles/hidden-chinese-lending-puts-emerging-market-economies-at-risk-11585560600>

integration scheme to attain the envisaged positive effects the economic integration. Fernando, in emphasizing the system of legal and institutional successes of the European economic integration, assessed the importance of the 'Maastricht Treaty after which a clear distinction was drawn between European Community law and European law'³⁶ paving the way for a successful economic integration. The terms of AfCFTA upon ratification directly commands its primacy over national legal systems, in order to guarantee that its objectives are not challenged by national laws from any ratified state or regional grouping to which it may belong to. The essence of this is to emphasize the binding nature of the ratification.

Can the AfCFTA be achieved through the harmonization of the already existing, binding bilateral relations with the external world, viewing the AfCFTA as a single country, or will states within the AfCFTA forfeit the dreams of an African integration to achieve individual state interests? The answer depends on the level of commitment these nations ratified into the AfCFTA will exhibit.

Conclusion

In a continent characterized by post-colonial economies, which are basically raw material producing and exporting economies, African countries have long been placed far behind the value chain, because they get to import the finished products of the very raw materials they export. The performance of African economies is nowhere near matching its potentials, necessitating an action plan never like before to revolutionize things, which is the AfCFTA framework.

While the news of AfCFTA remain very interesting and welcoming to people within and out of the African continent, it remains a heavy burden rested upon the shoulders of the continent to make this milestone endeavour a success. This paper has exposed some legal, institutional and operationalisation weaknesses that the continent of Africa as a whole currently faces, and alongside made necessary propositions, which must be carefully considered in order to meet the dreams and objectives envisaged by the AfCFTA. The goal is to ensure that AfCFTA defies all odds and proves that truly, the African continent is capable of handling its emergence and development through continental integration in the guise of AfCFTA.

What Africa faces today as a challenge is not new from what other regions/continents have faced and successfully overcame in the past. The structural difficulties faced by African countries, however, are categorically

36 For more details on the legal and institutional system of the EU, see Rueda-Junquera, Fernando. "European integration model: Lessons for the Central American common market." *Jean Monnet/Robert Shuman Paper Series* 6, no. 4 (2006). P. 9

different, especially from those faced by the European Community, from which this milestone project is picking example. The failure of the AfCFTA to kick start as planned due to the outbreak of the COVID-19 pandemic further highlights that the framework lacks strong and sustained policies, political commitment and measures to avert or curtail further dangers that are very much apparent. The level of commitment in mitigating these challenges is what places Africa's initiative on the roller coaster because we live in the age of greater information and technology. There is thus need for the AfCFTA to pay close attention to the institutional and economic guidelines proposed in this piece.

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