



## ENHANCING ECONOMIC INCLUSIVITY: THE AfCFTA AND INCLUSIVE TRADE POLICIES

### Enhancing Economic Inclusivity: The AfCFTA and Inclusive Trade Policies

The African Continental Free Trade Area (AfCFTA) represents a beacon of hope for the continent's economic growth and inclusion. This ambitious initiative, led by the African Union seeks to establish the world's largest free trade zone, encompassing 55 African countries with a combined GDP of more than \$3.4 trillion. However, the AfCFTA's success depends not only on tariff reductions and market liberalization but also on the implementation of inclusive trade policies that ensure equitable participation and benefits for all stakeholders.

The primary goals of the AfCFTA includes the promotion of economic expansion, employment generation, and poverty reduction throughout the continent. AfCFTA intends to promote a more competitive business environment, lessen reliance on external markets, and increase intra-African trade, which is currently at a modest 15%, by eliminating tariffs on 90% of goods traded between member states. In addition, the agreement aims to expedite customs processes, ease cross-border investments, and advance industrialization, all of which will strengthen Africa's manufacturing capacities and raise its standing in the world economy.

However, the success of the AfCFTA depends not just on trade liberalization but also on making sure that everyone can benefit from it. The pursuit of inclusive trade policies is crucial in this regard. Beyond just encouraging economic expansion, inclusive trade policies work to build a supportive atmosphere in which underrepresented groups—such as women, young people, smallholder farmers, and informal traders—can actively engage in and profit from trade activities. Some of the key pillars of inclusive trade policies under AfCFTA include:

1. **Empowering Women in Trade:** Inclusive trade policies are based on gender inclusivity. Although women account for a sizable share of Africa's informal trade sector, they frequently encounter several obstacles, such as restricted financial access, a lack of market knowledge, and discriminatory laws. The implementation of measures that support women's entrepreneurship, ease access to credit and training programs, and remove gender-based trade barriers are imperative for the AfCFTA to effectively tackle these challenges.
2. **Promoting Youth Entrepreneurship:** If Africa's youthful population is not properly harnessed, it could pose a potential challenge as well as a demographic dividend. By offering focused assistance, such as mentorship programs, startup incubators, and access to education and vocational training, inclusive trade policies should place a high priority on youth entrepreneurship. Through youth trade engagement, the AfCFTA can stimulate innovation, generate job opportunities, and drive sustainable economic growth across the continent.
3. **Encouraging SME Development:** Making up a sizable share of employment and GDP, SMEs are the backbone of Africa's economy. However, because of their limited access to capital, poor infrastructure, and onerous regulations, these businesses often find it difficult to compete in regional and international markets. The primary goal of inclusive trade policies should be to increase the competitiveness of SMEs through programs like specialized capacity-building, streamlined trade documentation, and streamlined customs procedures.
4. **Bridging Regional Disparities:** To guarantee that all African nations profit from the AfCFTA, inclusive trade policies must also address regional disparities. Integrating isolated and landlocked regions into the larger economy requires making investments in the development of infrastructure, enhancing connectivity, and facilitating cross-border trade corridors. By encouraging regional integration and

lowering trade barriers, the AfCFTA has the potential to boost underdeveloped regions' economies and promote more equitable growth throughout the continent.

The success of the AfCFTA depends on resolving several obstacles such as managing geopolitical tensions, coordinating regulatory frameworks, and filling in infrastructure gaps, it has great potential to promote inclusive growth.

Leveraging Africa's plentiful natural and human resources, advancing intra-African trade, and cultivating regional collaboration, the AfCFTA holds promise for unleashing unparalleled economic growth and elevating millions out of poverty. Furthermore, by emphasizing inclusivity, the AfCFTA can guarantee that trade benefits are distributed fairly, leaving no one behind.

In conclusion, the AfCFTA has great potential to advance inclusive development and lessen inequality throughout Africa in addition to boosting trade and economic opportunities. The AfCFTA has the prospect to unleash the economic potential of the continent and ensure a fairer and more prosperous future for all Africans by prioritizing the needs of marginalized groups through inclusive trade policies. To guarantee that no one is left behind in Africa's journey towards shared prosperity. However, governments, corporations, civil society, and international partners must work together to realize this vision.

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## **AfCFTA: Intra-African Exports, Imports Continue to Drop**

Despite the official commencement of the AfCFTA agreement in 2021, the expected improvements in intra-African trade have not come to fruition as the share of intra-African exports dropped from 18.22 per cent to 17.89 per cent, and the value of intra-African imports fell from 12.81 per cent to 12.09 per cent, the Economic Commission for Africa (ECA) report has said.

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## **NAC-AfCFTA Prepares to Sign onto AfCFTA Protocol on Digital Trade**

On 7 March 2024, the National Action Committee on African Continental Free Trade Area (NAC – AfCFTA) organised a stakeholder’s workshop in Abuja in preparation to sign onto the AfCFTA protocol on digital trade.

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## **Africa Development Bank and the US government strengthen strategic partnership**

Dr. Akinwumi Adesina, the President of the African Development Bank Group, has praised US President Joe Biden’s administration for its approach towards Africa particularly its emphasis on the development of solid infrastructure, which he described as the “backbone of every economy.”

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## **Nearly \$200 million invested in food security in Nigeria—US Embassy**

The Head of the United State Embassy in Nigeria, David Greene, says the United States’ government has for over five years invested about \$200 million in food security in Nigeria through its international development agency.

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