



A COMPARATIVE ANALYSIS OF THE AfCFTA AND AFTA AS CATALYSTS FOR REGIONAL ECONOMIC INTEGRATION

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Regional trade agreements have proven critical to promoting economic integration and increasing trade among member countries. The African Continental Free Trade Area (AfCFTA) and the ASEAN Free Trade Area (AFTA) are notable instances, signifying substantial steps toward economic integration in Africa and Southeast Asia, respectively. This article examines the objectives, accomplishments, obstacles, and prospects of both AfCFTA and AFTA, highlighting their roles in promoting regional trade and economic growth.

African Continental Free Trade Area (AfCFTA):

Background and Objectives

The AfCFTA is a free trade region established in 2018, with trade commencing as of January 2021, which intends to create a single continental market for goods and services, facilitate the mobility of money and people, and eventually build a continental customs union. 54 of the 55 African Union (AU) member states are parties to its initiative, making it the world's largest free trade area in terms of participating countries.

The primary objectives of AfCFTA are:

1. To boost intra-African trade by reducing tariffs and non-tariff barriers.
2. To enhance competitiveness at the industry and enterprise level.
3. To promote sustainable and inclusive socioeconomic development.
4. To diversify and industrialize African economies.
5. To foster regional value chains and integrate into the global economy.

Achievements and Progress

AfCFTA has made significant strides in its early stages. Key achievements include:

1. The establishment of the AfCFTA Secretariat in Accra, Ghana in 2021.
2. The commencement of trading under the AfCFTA framework in January 2021.
3. The negotiation and implementation of Phase I protocol on Investment, including those on trade in goods, trade in services, and dispute settlement.

Challenges

Despite its achievements, the AfCFTA faces various challenges such as:

- Inadequate Infrastructure: Disruption in cross-border flow of goods and services.
- Diverse Economic Landscapes: Member states' varying degrees of economic growth make harmonizing trade policies challenging.
- Political and Economic Stability: Political instability and economic volatility in certain member states can hamper commerce and investment.
- Harmonizing regulatory regimes throughout the continent is a challenging endeavor.



Prospects

AfCFTA has great potential to reshape Africa's economic environment through the activities in the region. Prospects include:

- Enhanced regional commerce can promote industry growth and diversity.
- Job Creation: Increased economic activity can create employment opportunities, especially for youth.
- Increased Investment Attraction: A unified market is more likely to attract foreign direct investment (FDI).
- Economic Resilience: Increased intra-African trade can decrease reliance on foreign markets and boost economic resilience.

ASEAN Free Trade Area (AFTA):

Background and Objectives

The AFTA was founded by the Association of Southeast Asian Nations (ASEAN) in 1992 to create a single market and production base, making the region more dynamic and competitive. It currently has 10 member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

Achievements and Progress

1. AFTA aims to strengthen ASEAN's competitiveness as a production base in the global market.
2. To increase foreign direct investment (FDI) in ASEAN.
3. Encourage intra-ASEAN trade and investment.

4. **Tariff Reduction:** The Common Effective Preferential Tariff (CEPT) plan has significantly reduced ASEAN trade tariffs.
5. **Trade Expansion:** ASEAN has become one of the world's most economically integrated regions due to significant intra-regional trade growth.
6. **Investment Growth:** ASEAN's interconnected market and production base make it a popular target for foreign direct investment.

Challenges

AFTA also encounters problems, such as:

- Economic inequalities between member nations can inhibit further integration.
- Persistent Non-Tariff Barriers (NTBs) continue to impact trade flows.
- Regulatory Differences might hinder trade and investment.
- Geopolitical tensions might threaten regional economic stability and integration.

Prospects

The future of AFTA is promising, with several potential benefits:

1. **Enhanced Competitiveness:** ASEAN's continued integration can boost its global competitiveness.
2. **Regional collaboration** can promote innovation and technology developments.
3. **Sustainable Development:** Adopting sustainable practices can foster inclusive and ecologically friendly growth.
4. **Strengthened Global Presence:** ASEAN's unified stance can increase its impact in global economic debates.

Objectives and Goals

AfCFTA Objectives

- **Market Integration:** Creating a single continental market for goods and services.
- **Movement of Persons:** Facilitating the free movement of people to enhance economic activity.
- **Investment and Competitiveness:** Promoting investments and improving competitiveness within Africa.
- **Industrial Development:** Encouraging industrialization and diversification of African economies.

AFTA Objectives

- **Tariff Reduction:** Gradually eliminating intra-regional tariffs and non-tariff barriers.
- **Economic Collaboration:** Enhancing regional economic collaboration and cooperation.
- **Competitive Edge:** Strengthening ASEAN's position in the global market.
- **Investment and Economic Growth:** Promoting investment and economic growth through integration.

Comparative Analysis

Both AfCFTA and AFTA have similar goals of increasing regional trade and economic integration although they operate in different contexts and face unique problems. While AfCFTA's key problem is the continent's infrastructural and economic diversity, AFTA deals with non-tariff barriers and regulatory disparities. Both initiatives, however, have the potential to considerably strengthen regional economic resilience, attract investment, and promote long-term growth.

Conclusion

Both AfCFTA and AFTA represent ambitious efforts to enhance regional economic integration. While AFTA's more advanced stage of integration provides valuable lessons, AfCFTA's vast potential and early successes highlight the transformative power of regional cooperation. As catalysts for economic growth and development, these free trade areas underscore the importance of regional integration in achieving sustainable economic progress. The success of both initiatives hinges on addressing inherent challenges and leveraging opportunities to foster inclusive and resilient economic communities.

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