## The African Continental Free Trade Area Agreement and agricultural development: challenges and prospects

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Description automatically generatedThe African Continental Free Trade Area (AfCFTA) Agreement presents Africa with a unique opportunity to unleash its economic potential for inclusive growth and sustainable development. The agreement will create a single African market of more than a billion consumers with a combined GDP of U$2.5 trillion. It aims to promote agricultural transformation and growth in Africa and contribute to food security, as well as improve competitiveness through regional agricultural value chains development and incentivize critical investments in production and marketing infrastructure. Through its various protocols, the AfCFTA Agreement addresses trade in goods (tariff liberalization schedules, non-tariff barriers, rules of origin), trade in services, competition, investment and intellectual property. Once fully operational, it is expected to boost intra-African agricultural trade, estimated to currently be less than 20 percent of total agricultural trade.

It is widely agreed that AfCFTA will have to be supported with accompanying measures and policies. For many countries, improving productive capacities and promoting investment for value addition are prerequisite for taking advantage of the single market created by AfCFTA. Complementary policies are needed in the area of sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT) and trade facilitation mechanisms, including compliance with International Standard Setting Bodies requirements (e.g. Codex Alimentarius Commission) and introducing a simplified and harmonized trade regime, especially for cross-border agricultural trade. Some challenges need to be addressed, including post-harvest losses, increased competitive pressure, adverse working conditions and job losses, tariff escalation, youth and gender gaps in access and use of productive inputs and services, and environmental damage from unregulated growth.

Although AfCFTA is expected to play a crucial role in meeting the growing demand for food on the continent, the links between trade and food security and nutrition are inherently complex, with several channels of interaction simultaneously affecting the different dimensions of food security (availability, access, utilization and stability). For example, trade helps stabilize food prices and enhances food availability by moving food from surplus regions to deficit regions. However, some consider trade as a threat to food security as it brings risks, for both smallholder producers as well as consumers.

This online discussion aims at opening an exchange of ideas, good practices and lessons learned on the challenges and prospects to the implementation of the AfCFTA in the agricultural sector and the implications for food security and nutrition. Please consider the following questions:

1. Some African countries fear that AfCFTA will harm farmers and local industries. How will AfCFTA affect food security and agricultural development? How can negative impacts be minimized, if there are any? Can you give concrete examples?
2. Informal cross-border trade plays a crucial role in contributing to food security, but also poses major challenges for traders and local businesses. How should trade policies address informal cross-border trade in the context of AfCFTA? What prevents the inclusive formalization of agricultural trade in Africa?
3. Over 90 percent of players in the African markets are micro, small and medium enterprises (MSMEs). What are the specific challenges traders and MSMEs are facing in cross-border agricultural trade? What actions do you think can help overcome these challenges? Are there tried and tested digital IT solutions that address some of these challenges, and can they be scaled up?
4. SPS/TBT measures have a legitimate role to play in ensuring food safety. Please discuss with examples how these measures can become impediments to trade and share good practices with examples of how these barriers to trade can be overcome.
5. Within the AfCFTA, African countries have undertaken commitments to liberalize substantially all trade by eliminating tariffs on 90 percent of goods. The remaining 10 percent is divided between sensitive products (7 percent) and the exclusion list (3 percent), namely products on which no reduction in tariffs would be proposed. The list of sensitive and excluded products is not available yet. If key food commodities are on the list of sensitive and excluded products, what could be the implications for food security?
6. Dependence on food imports makes African countries vulnerable to disruptions in international trade caused by COVID19. What policy and regulatory measures can be taken at a regional and/or continental level to keep trade channels open, minimizing impacts on food supply chains? What is the role of the AfCFTA in this regard?

Outcomes of the discussion will help inform FAO’s work in providing support to African countries and regional bodies in the implementation of the AfCFTA in the food and agriculture sector and improve knowledge sharing, cooperation and information exchange on intra-African agricultural trade within the context of the AfCFTA.

We look forward to your contributions and for helping us advancing the agricultural trade agenda in the AfCFTA process.

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