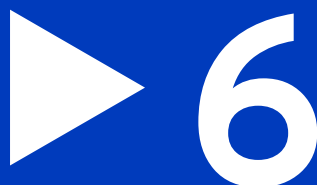


Can the African Continental Free Trade Area promote the implementation of Sustainable Development Goal 8?

Decent work and economic growth

Jamie MacLeod*

* The author would like to thank Franz Ebert for the support and inputs he contributed to the chapter directly and to Marva Corley-Coulibaly and Ken Shawa for their valuable guidance and comments. The usual disclaimer applies.



► Introduction

The African Continental Free Trade Area (AfCFTA) is one of the most ambitious trade initiatives in the world today. Envisaged by the African Union as a flagship project of its Agenda 2063: The Africa We Want, the AfCFTA covers 1.4 billion people (UNDESA 2022) across a market worth almost US\$3 trillion annually (IMF 2022), and comprises 54 of the 55 Member States of the African Union (Tralac 2023).

The Agreement Establishing the African Continental Free Trade Area (hereafter referred to as the “AfCFTA Agreement”) is a broad trade agreement, covering trade in goods and services alongside substantial “behind-the-border” regulatory and policy issues, including competition policy, intellectual property rights and investment. This ambition in scope allows it to contribute to several of the United Nations Sustainable Development Goals (SDGs). The focus of this chapter is Goal 8, which is to “[p]romote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

It is no surprise that the AfCFTA, as an economic initiative, is an important vehicle for contributing to many aspects of achieving SDG 8. Its objectives, laid down in Article 3 of the AfCFTA Agreement, include structural transformation, enhanced competitiveness, industrial development and diversification, each of which contributes directly to the implementation of SDG 8. However, the agreement goes further by including gender equality as a general objective and by recognizing the importance of human rights in its preamble.

Accordingly, the legal and institutional content of the AfCFTA, along with many of its accompanying measures, ties in with and addresses many of the targets under SDG 8 either directly or indirectly. However, there are aspects of SDG 8 with regard to which the AfCFTA could be improved. This includes several areas specifically related to labour rights and the environment.

The structure of this chapter is as follows. Section 6.1 summarizes the expected impact of the AfCFTA on labour markets in African countries, including its specific impact on women and young people. Section 6.2 evaluates the legal and institutional framework of the AfCFTA, highlighting its linkages to SDG 8. Section 6.3 flags potential areas where the contribution of the AfCFTA to the implementation of SDG 8 could be strengthened. The analysis seeks to be pragmatic and practical; an effort is made to identify mechanisms for improving the AfCFTA, including through future negotiations on, revisions of and addenda to the AfCFTA Agreement, and through accompanying measures that can enable it to better contribute to achieving SDG 8. Section 6.4 concludes.

► 6.1 Impact of the AfCFTA on labour markets

The AfCFTA is fundamentally a trade-liberalizing tool. One might therefore expect to get a sense of how the AfCFTA could affect labour markets in African countries by looking at the large existing body of literature on the effect of trade liberalization on labour markets in general. Unfortunately, the evidence in that respect is rather inconclusive.

There is mixed evidence, for instance, as to whether trade liberalization leads to net job creation, causes structural transformation, increases inequality, raises real wages, erodes the provision of social security, undermines freedom of association and collective bargaining, and/or reduces the prevalence of informality (ILO 2021). One conclusion for which the evidence is possibly a little more concrete is that trade liberalization tends to improve labour productivity (Melitz and Trefler 2012; ILO 2015), in particular in lower-income countries (ILO 2017a).

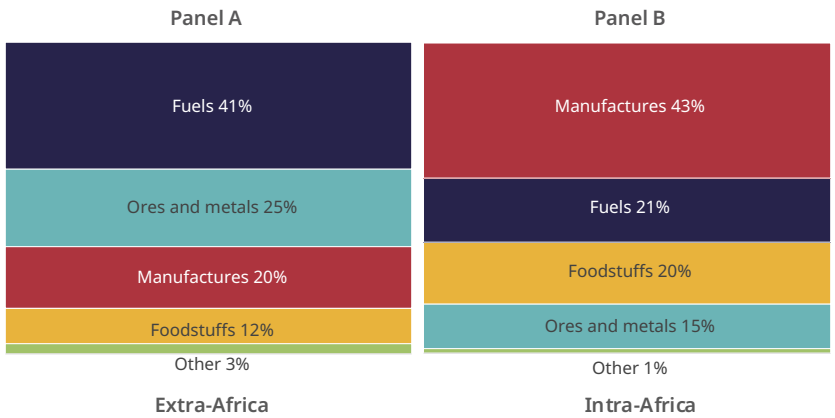
In many respects, the answer to the question of how trade liberalization affects labour market outcomes is therefore, somewhat unsatisfyingly, “it depends”. In particular, this effect depends on the shape, intensity and pace of liberalization, the institutions that were already in place before liberalization, the complementary measures implemented alongside liberalization, the structure of the economy undergoing trade opening, and the type of trade being liberalized.

The type of trade liberalized by the AfCFTA differs from Africa’s trade with the rest of the world. As shown in figure 6.1, the latter is highly concentrated in fuels, ores and metals. These tend to be relatively more capital- than labour-intensive and create fewer jobs (Fox et al. 2013; Madhani 2019). By comparison, intra-African trade includes more manufactures and foodstuffs. This trade would tend to be relatively more labour-intensive and comprise more sophisticated goods: an estimated 31 per cent of African exports within the continent are considered to be “technologically advanced” by the ITC and UNCTAD (2021), compared with just 15 per cent of African exports leaving the continent.

These characteristics of intra-African trade have implications for labour markets. One can reasonably expect the AfCFTA to benefit labour-intensive sectors more than capital-intensive ones, and in particular skilled labour more than unskilled workers. One may also expect more of the gains from trade openness to accrue to the manufacturing sector and to the workers

engaged in that sector, and relatively fewer gains to accrue to sectors related to ores and metals.

►Figure 6.1 Extra-African (panel A) and intra-African (panel B) trade composition, 2017–21



Note: “Foodstuffs” comprise the commodities in sections 0, 1 and 4 and division 22 of the Standard International Trade Classification (SITC), Rev. 4; “Ores and metals” the commodities in SITC, Rev. 4, divisions 27, 28 and 68 and groups 667 and 971; “Manufactures” the commodities in SITC, Rev. 4, sections 5–8 less group 667 and division 68; and “Fuels” the commodities in SITC, Rev. 4, section 3.

Source: Author’s calculations based on UNCTAD (n.d.).

A growing number of studies have sought to understand the expected impacts of the AfCFTA through economic modelling. Appendix I offers a summary of the assumptions, scenarios and overall macroeconomic and specific labour market outcomes presented in the most prominent studies in recent years.

The results are quite heterogeneous. The impact of the AfCFTA is forecast to increase Africa’s gross domestic product (GDP) by anywhere between 0.1 and 9 per cent and intraAfrican exports by between 14.6 and 132.7 per cent (see Appendix I). These substantial differences reflect the wide range of the scenarios and assumptions deployed by the authors. To briefly summarize the key differences, tariff reductions alone are forecast to have only a limited impact in most models, and so much of the range in the projections depends on the boldness of the modellers’ assumptions about how much the AfCFTA will reduce non-tariff barriers (NTBs), reduce trade costs, improve trade facilitation, or result in “deep” integration.

Some commonalities emerge from these studies. For example, the AfCFTA is expected to particularly benefit the manufacturing sector. This is one of the most consistent results across all models and is in line with what one would expect given the large share of manufactures in intra-African trade (see again figure 6.1 above). It also has important implications for the reskilling of workers and worker mobility. In the most recent World Bank estimates, the growth of the manufacturing sector is the main cause of between 2.25 and 2.45 per cent of labour shifting between sectors (Echandi, Maliszewska and Steenbergen 2022).

A second common result is that tariff revenues, which are needed to fund the provision of social security including unemployment benefits and social safety nets, would be lost as a result of tariff cuts, although that loss can be theoretically offset with economic growth if non-tariff barriers and trade costs are adequately addressed (AfDB 2019; Echandi, Maliszewska and Steenbergen 2022). However, some of the studies acknowledge that these assumptions about improvements to non-tariff barriers are “long-run objectives that are not costless” (Chauvin, Ramos and Porto 2016) and represent “probably an upper bound” of what is feasible (AfDB 2019).

6.1.1 Distributional effects of the AfCFTA on women and youth

While usually not intentionally discriminatory in itself, trade liberalization can entail different costs and opportunities for subgroups within a labour market, including women and young people. There are three main channels through which this may happen: the consumption, income, and capital channels. First, by reducing import tariffs, trade liberalization can change the relative price of goods and services, affecting different subgroups differently depending on their consumption baskets. Second, by changing export opportunities, together with the structure of import competition within an economy, trade liberalization may change production outcomes across sectors that have relatively higher or lower intensities of employment for different subgroups, thereby affecting their labour incomes accordingly. Third, economic changes caused by trade liberalization can interact with pervasive inequalities and undermine the capacity of subgroups to respond to new challenges and opportunities – for instance, as in the case of young people or women, because they tend to have fewer assets and less access to capital resources, and face different economic burdens.

The empirical evidence is inconclusive on the impact of trade liberalization on the female and youth subgroups of the labour market in general. In some historical examples, gender and youth inequalities have been reduced by

trade liberalization, while in others they were perpetuated or exacerbated. For instance, women tend to predominate in the smallholder agricultural sector in many African countries and that sector has higher rates of tariff protection (UNCTAD 2020a). This means that there is a risk of trade liberalization disproportionately increasing import competition for women relative to men (Bussolo and De Hoyos 2009; UNCTAD 2017a).

Trade liberalization also tends to benefit higher-skilled workers (Goldberg and Pavcnick 2007; Parro 2013). This is likely to be the case with the AfCFTA, given that it is expected to liberalize trade in the more technologically advanced products that dominate African intraregional trade (ITC and UNCTAD 2021). Pervasive educational inequalities, dating back to colonial times, have caused women to achieve relatively lower levels of educational attainment in African countries (Baten et al. 2021). However, younger people in Africa could benefit, as they tend to have higher levels of educational attainment than older generations (Kamer 2022).

The ultimate effect of trade liberalization on labour market subgroups is likely to depend on the relative distribution of sectors and skills among different workers and the form of liberalization implied by the AfCFTA in different countries.

A small subset of the models used to forecast the impact of the AfCFTA provide sex-disaggregated results (Appendix II). These either build sex disaggregation into the labour factor of the model (Echandi, Maliszewska and Steenbergen 2022; ILO forthcoming), or use a two-step methodology to connect the results of the modelling with gender-based income and expenditure differences from household survey data (Chauvin, Ramos and Porto 2016). No model of the AfCFTA that was available at the time of writing currently reports age-disaggregated results.

The first study with sex-disaggregated results, namely that by Chauvin, Ramos and Porto (2016), projected that female-headed households would do better than male-headed ones in Burkina Faso and Ethiopia, would do worse in Cameroon and Nigeria, and would be affected similarly to male-headed households in Madagascar.

Two studies by the World Bank, closely related in their design, are more optimistic about the impact of the AfCFTA on women. The earlier one found that, due to the increased output in female labour-intensive industries, female workers' wages were expected to grow faster than male workers' wages in all regions of the continent except Southern Africa (World Bank 2020).

The later World Bank study (Echandi, Maliszewska and Steenbergen 2022) expanded that analysis to incorporate two additional scenarios assuming, respectively, increased foreign direct investment (FDI) and "deep" integration

(“AfCFTA FDI broad” and “AfCFTA FDI deep”). It found that the wages of female workers grew faster than those of their male counterparts under all scenarios.

The ILO’s recent modelling finds that the AfCFTA in general causes wages to rise faster for men than for women in 24 of the 28 countries assessed, the exceptions being Burkina Faso, Egypt, Ghana and the United Republic of Tanzania (ILO forthcoming). Nevertheless, it still anticipates wages to rise rapidly for women (albeit less so than for men) in Botswana, Côte d’Ivoire, Namibia and Zimbabwe.

Other assessments of the potential impact of the AfCFTA flag the risks that it could pose for vulnerable groups, including smallholder farmers, pastoralists and fisherfolk, who could be vulnerable to import competition, and women and young people, who may have fewer resources to address or take advantage of changing trade dynamics (UNECA and FES 2017). For instance, a recent review of the AfCFTA in relation to human rights noted persisting issues due to the lack of a free movement protocol to complement the AfCFTA Agreement, the absence of a simplified trade regime to assist smaller-scale traders, the limited experience of all but a few African countries in introducing trade remedies to protect themselves against damaging import competition, and the lack of labour provisions in the agreement (MacLeod 2022).

► 6.2 Legal and institutional framework of the AfCFTA

This section outlines the ways in which the AfCFTA relates to SDG 8 at four levels, namely the AfCFTA’s stated objectives; its legal framework; its formal institutions; and the wider AfCFTA ecosystem of related projects, initiatives and programmes. It considers the extent to which these components contribute to targets under SDG 8. Some SDG 8 targets are inherent to or directly tackled by the AfCFTA, while others are partially addressed or remain overlooked by the AfCFTA. These conclusions are summarized in table 6.1, namely, that the AfCFTA directly or indirectly contributes towards achieving 10 out of the 11 SDG targets.

► **Table 6.1 Summary of linkages between the African Continental Free Trade Area and Sustainable Development Goal 8**

SDG 8 target (overview)	AfCFTA linkage
Target 8.1: Promote sustainable economic growth	Inherent
Target 8.2: Increase economic productivity through diversification, technological upgrading and innovation for economic productivity	Inherent
Target 8.3: Promote policies to support job creation and the growth of enterprises	Indirect
Target 8.4: Improve resource efficiency in consumption and production	Absent
Target 8.5: Achieve full and productive employment and decent work for all, with equal pay for work of equal value	Direct
Target 8.6: Promote the participation of young people in employment, education and training	Direct
Target 8.7: End modern slavery, human trafficking and child labour	Direct ¹
Target 8.8: Protect labour rights and promote safe and secure working environments	Direct ¹
Target 8.9: Promote beneficial and sustainable tourism	Direct
Target 8.10: Improve access to banking, insurance and financial services	Direct
Target 8.a: Increase Aid for Trade support	Indirect
Target 8.b: Put in place a global youth employment strategy and implement ILO Global Jobs Pact	Unrelated

AfCFTA = African Continental Free Trade Area; SDG = Sustainable Development Goal

Note: ¹ While these issues are absent from the Agreement Establishing the African Continental Free Trade Area, they are addressed by the current version of the Protocol on Investment.

6.2.1 Purpose and objectives of the AfCFTA

The purpose of the AfCFTA is articulated in the preamble to the AfCFTA Agreement and in its articles on general and specific objectives (Arts 3 and 4, respectively). These provisions yield a number of insights into the goals of the parties that led to the crafting of the agreement and guide its interpretation.¹ The AfCFTA Agreement is flexible, with scope for additions

¹ In accordance with Art. 31 of the [Vienna Convention on the Law of Treaties](#) (1969).

(Art. 8), amendments (Art. 29) and review (Art. 28), and so its stated purpose and objectives are also useful for shaping the possible growth and evolution of the AfCFTA over time.

The AfCFTA Agreement explicitly aspires to the promotion of “industrialisation and structural economic transformation”.² It also explicitly recognizes the “importance of ... gender equality” in its seventh preambular paragraph, and includes the promotion of “gender equality” in its general objectives (Art. 3(e)).

The explicit mentioning of gender equality or women’s participation in economic activities in the preambles to or objectives of trade agreements is still rare, with just 8 of the 353 trade agreements notified to the World Trade Organization (WTO) doing so as of September 2022 (although several more actually include provisions on gender issues) (WTO n.d.). What is notable, though, is the presence of African countries in that regard. Of those eight trade agreements that mention gender equality or women’s economic empowerment in their preambles or objectives, five are African: the 1992 Treaty of the Southern African Development Community (SADC) (Arts 5 and 6); the 1999 Treaty Establishing the East African Community (EAC) (Arts 5 and 6); the 1993 Revised Treaty of the Economic Community of West African States (ECOWAS) (Art. 3); the 2009 Convention Governing the Economic Union of Central Africa (Arts 2 and 4); and the AfCFTA Agreement (Art. 3). African countries have long been at the forefront of recognizing gender equality, with the original 1983 Treaty Establishing the Economic Community of Central African States (ECCAS) being only the second trade agreement in the world to include a gender-related provision, namely in Article 60 (WTO 2022).

These references to gender equality would suggest at the very least an intention to align the goals of the AfCFTA and SDG target 8.5 on achieving full and productive employment and decent work for all, with equal pay for work of equal value. The AfCFTA Agreement only indirectly sets objectives related to other SDG 8 targets concerning opportunities for young people (target 8.6), labour rights (targets 8.7 and 8.8), and sustainable tourism (target 8.9). It does not lay down any direct, or implicit, objectives with regard to the remaining SDG 8 targets on promoting policies to support job creation and the growth of enterprises (target 8.3), environmentally sustainable economic growth (target 8.4), universal access to banking, insurance and financial services (target 8.10), increased Aid for Trade support (target 8.a) and implementation of the ILO Global Jobs Pact (target 8.b). In practice, as discussed in the following sections, some aspects of the content of the agreement do however speak to these targets.

2 Preambular paragraphs of the Agreement Establishing the African Continental Free Trade Area.

Objectives and bold statements of purpose mean little if they are not followed up with impactful obligations, rights or cooperative efforts. Accordingly, the next subsection assesses the content of the AfCFTA Agreement and its protocols and the extent to which the agreement contributes to the above-mentioned objectives.

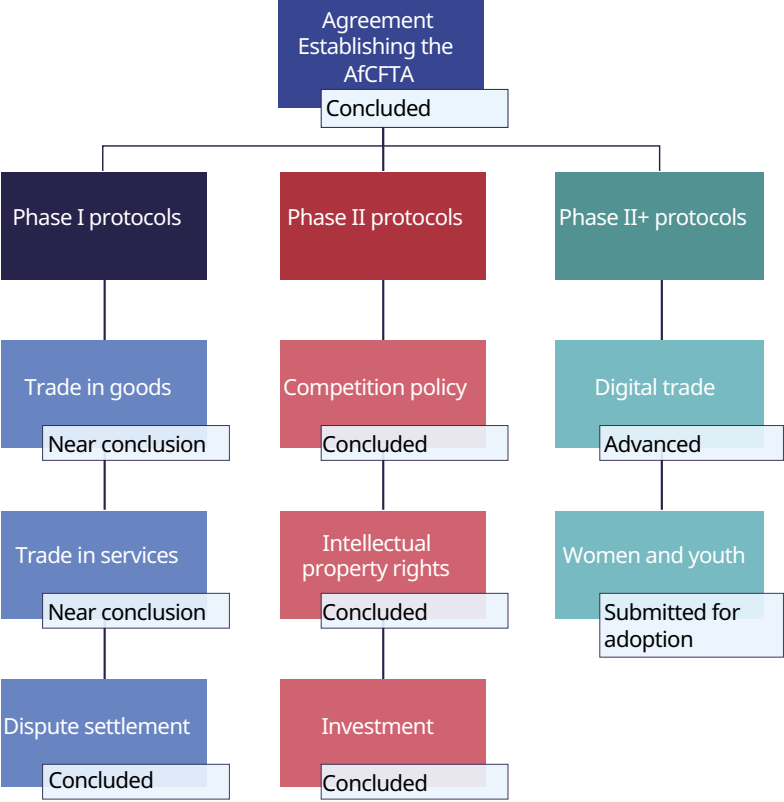
6.2.2 AfCFTA Agreement, protocols and institutions

This section assesses the legal framework of the AfCFTA, comprising the agreement, its protocols and their annexes, and its institutional structures and the extent to which these contribute to SDG 8.

The AfCFTA Agreement is the framework agreement at the apex of the legal structure of the AfCFTA. It sets forth the objectives and primary definitions of the AfCFTA, outlines its scope and creates the institutions charged with its implementation. Underneath the framework agreement are its protocols, which contain the relevant substantive provisions, such as those liberalizing trade in goods and services. Further down in the hierarchy come the annexes to the protocols, together with the guidelines, lists and schedules of the AfCFTA. These cover operational details, including the creation of subcommittees for the administration or implementation of specific aspects of the AfCFTA, such as non-tariff barriers or customs coordination (UNECA et al. 2019).

The African Union planned to negotiate protocols to the AfCFTA in two phases (figure 6.2). An initial “Phase I” set of protocols covered the more traditional topics of trade in goods and services and the settlement of disputes. A subsequent second phase was scheduled to follow to negotiate protocols on competition policy, intellectual property rights and investment.

►Figure 6.2 Legal framework of the African Continental Free Trade Area



Source: Author's elaboration, 2023.

Since then, the Assembly of Heads of State and Government of the African Union has expanded the scope of the AfCFTA, in line with Article 8 of the agreement, which allows for “any additional instruments ... [to be] concluded in furtherance of the objectives of the AfCFTA”. A Protocol on e-commerce was added in February 2020, and subsequently expanded to cover “digital trade” in February 2022, while an additional Protocol on Women and

Youth in Trade was added in February 2022.³ Both these sets of “Phase II+” negotiations were, as at 2023, highly advanced, with negotiators seeking consensus over a few remaining aspects of the Digital Trade Protocol and the Women and Youth Protocol already submitted for adoption. Most of the Phase I negotiations had been concluded, except for those on several critical technical annexes to the protocols on trade in goods and services, while protocols on the phase II topics of investment, competition policy and intellectual property rights were adopted in February 2023.

The legal framework of the AfCFTA provides for several formal institutions. Most of these are set out in Articles 9 and 13 of the AfCFTA Agreement and include governance institutions, the AfCFTA Secretariat, and technical institutions. There are also national-level structures for coordinating and overseeing the implementation of the AfCFTA (which are not provided by the framework agreement), such as national AfCFTA coordinating committees. These were specifically called for by the Assembly of the African Union in July 2018.⁴

The legal and institutional framework of the AfCFTA directly contributes to several targets under SDG 8, and indirectly touches on others. This is as expected, since the AfCFTA is ultimately not a programme to achieve SDG 8 specifically, but an economic project that aligns with SDG 8 in many ways.

Let us first consider those targets under SDG 8 directly addressed by the AfCFTA.

As a flagship initiative of the African Union’s Agenda 2063: The Africa We Want, the AfCFTA is one of the tools conceived and designed by Africans for “accelerating Africa’s economic growth and development” (AU n.d.(a)). By boosting intra-African trade, the AfCFTA is meant to “promote and attain sustainable and inclusive socio-economic development” (Art. 3(e) of the AfCFTA Agreement), which in turn directly contributes to realizing SDG target 8.1 on sustainable economic growth.

3 Through [Decision Assembly/AU/Dec.751\(XXXIII\)](#) of 10 February 2020 the Heads of State and Government of the African Union granted a mandate for negotiations on a Protocol on e-commerce as part of what was at the time scheduled to be a “Phase III” of negotiations. In December 2020, a decision was made to expedite those negotiations so that they would take place concurrently with the negotiations on “Phase II” issues (see Declaration Ext/Assembly/AU/Decl.1(XII) of 5 December 2020). One may therefore conceive of these negotiations as effectively a “Phase II+”, rather than a distinct third phase. [Decision Assembly/AU/Dec.831\(XXXV\)](#) of 6 February 2022 expanded the scope of the E-Commerce Protocol to cover “digital trade” and added a mandate for a “Protocol on Women and Youth in Trade”.

4 See [Decision Assembly/AU/Dec.692\(XXXI\)](#) of 2 July 2018 of the Assembly of the Heads of State and Government of the African Union.

The AfCFTA is also specifically intended to “promote industrial development through diversification” (Art. 3(g) of the AfCFTA Agreement), which is in line with SDG target 8.2 on diversification, technological upgrading and innovation for economic productivity. To quote the AfCFTA Secretary-General, His Excellency Mr Wamkele Mene:

The AfCFTA presents an opportunity to turn a new page on Africa’s economic growth and development trajectory; to achieve its long-standing goal of **economic diversification**, through **industrialisation**, to further raise the standard of living of its people and to reduce poverty.

There is even a dedicated Trade and Industrial Development Advisory Council, established by the AfCFTA Council of Ministers in February 2022 to report to and advise the Secretariat on using the AfCFTA as a vehicle for economic diversification and development.

Specific components of the AfCFTA directly contribute to other targets under SDG 8, too. The Protocol on Trade in Services entails the removal of barriers to the provision of services between African countries.⁵ In practical terms, that involves reducing limitations – such as limitations on foreign capital ownership or on the proportion of foreign employees – that countries may impose on service suppliers from other African countries. As a result, the AfCFTA would be expected to increase the competitive provision of tourism and financial services in African countries (among other service sectors). This could contribute to SDG target 8.10 on universal access to banking, insurance and financial services, and to target 8.9 on promoting beneficial and sustainable tourism. However, greater competition does not necessarily mean that those service sectors would become more inclusive or sustainable. For the AfCFTA to achieve that, care would need to be taken to channel any resulting increase in competition in those service sectors into sustainable outcomes.

The Protocol on Women and Youth in Trade is intended to contribute to SDG target 8.5 on full and productive employment and decent work for all, with equal pay for work of equal value, and to target 8.6 on promoting the participation of young people in employment, education and training. In May 2021, the AfCFTA Council of Ministers established the Committee on Women and Youth in Trade, under whose auspices the negotiations on the Protocol

⁵ The Protocol on Trade in Services initially covers a list of priority sectors before being expanded to other sectors (Art. 22(4)). The initial priority sectors are business services, financial services, communication, transport and tourism.

will be undertaken. This institutional structure already means that the AfCFTA has a platform for cooperation and dialogue on gender equality and youth opportunities. Likewise, owing to the disproportionate representation of young Africans among those using the internet on the continent (ITU 2022), it might be expected that the Protocol on Digital Trade could be helpful for contributing to target 8.6 as well.

The AfCFTA is relevant for, but does not directly contribute to, several other targets under SDG 8.

Here one may consider target 8.3 on promoting policies to support job creation and the growth of enterprises. No specific objective, protocol or annex of the AfCFTA Agreement specifically relates to this target. However, as an economic project, the AfCFTA necessarily touches on job creation and enterprise growth obliquely.

There is no wording in the AfCFTA Agreement that speaks directly to SDG target 8.a on increased Aid for Trade support. However, the agreement is clearly indirectly relevant to this target in that it has created a demand-led channel for the application of Aid for Trade to address African development priorities. Article 7 of the Protocol on Trade in Services, for instance, specifically calls for “special consideration to the provision of technical assistance and capacity-building through continental support programmes” in relation to supporting African countries with less capacity to engage in trade in services. Such technical assistance would be a natural destination for support under the Aid for Trade Initiative. Indeed, as shown in section 6.2.3, much development assistance has already been mobilized in support of the AfCFTA.

The AfCFTA Agreement and its annexes do not address target 8.7, which pertains to the eradication of modern slavery, human trafficking and child labour, nor do they address target 8.8 on protecting labour rights and promoting safe and secure working environments.⁶ However, these issues are addressed in the current version of the Protocol on Investment related to the AfCFTA Agreement.⁷

Finally, the legal and institutional framework of the AfCFTA does not address target 8.4 on improving resource efficiency in consumption and production.

6 The only reference to labour issues in the AfCFTA Agreement is to “prison labour” in Part VIII entitled “General Exceptions” (Art. 26).

7 See Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, especially Arts 25 and 33. For more detailed analysis, see section 6.3.1.

6.2.3 Wider AfCFTA ecosystem of projects, programmes and activities

The AfCFTA is more than its legal and institutional framework. It constitutes a central node in a constellation of initiatives aimed at transforming African trade. That, in fact, reflects the original thinking of the African Heads of State and Government when they launched the negotiations for the AfCFTA at their summit in January 2012 alongside a sister initiative called the Action Plan for Boosting Intra-African Trade (BIAT Action Plan) (UNECA, AU and AfDB 2017).⁸ The BIAT Action Plan explicitly laid down a range of policies – from trade finance measures to trade-related infrastructure and trade information – as necessary complements to the AfCFTA to achieve the transformation of trade in Africa (UNECA, AU and AfDB 2017).

Moreover, the AfCFTA exists alongside a broader range of related African Union instruments. These include complementary trade liberalization initiatives such as the Single African Air Transport Market. They can also be considered to include the African Union's other economic programmes, such as the Comprehensive African Agricultural Development Programme, the Programme for Infrastructure Development in Africa, and the Digital Transformation Strategy for Africa. These seek to develop the productive capacities and infrastructures that would be needed alongside the AfCFTA, although the extent to which they are currently being effectively implemented varies (MacLeod 2022).

Beyond these formal initiatives, the AfCFTA is at the centre of an expanding range of other complementary initiatives and Aid for Trade programmes launched by international organizations, development partners and United Nations agencies.

Women- and youth-related issues are reasonably well reflected in the spectrum of AfCFTA complementary initiatives. The AfCFTA Secretariat held its first Conference on Women and Youth in Trade in September 2022 and chose the topic of “Making the AfCFTA work for women and youth” for the 2021 inaugural edition of its *Futures Report* series that is produced in collaboration with the United Nations Development Programme (UNDP and AfCFTA Secretariat 2021; AfCFTA Secretariat 2022b). There is an African Union Champion for Gender and Development Issues in Africa at the Heads of State level and an African Union Strategy for Gender Equality and Women's Empowerment (AU n.d.(b)). Gender issues are a core focus of the African Trade Policy Centre, a specialized unit within the UN Economic Commission for

⁸ See [Decision Assembly/AU/Dec.394\(XVIII\)](#) of 30 January 2012 of the Assembly of the Heads of State and Government of the African Union.

Africa (UNECA) that has provided direct support to the AfCFTA negotiations since 2015.⁹ The guidelines for developing national AfCFTA strategies and a related white paper (UNECA 2021a; UNECA 2021b), which were prepared by the African Trade Policy Centre, accord significant attention to gender issues, but not to labour issues specifically.

There is also an Independent Continental Youth Advisory Council on AfCFTA, which aims to foster the participation of young people in the decision-making and implementation processes of the AfCFTA. The Council has contributed to AfCFTA consultations, including regional consultations on the Protocol on Women and Youth in Trade, and published survey-based research on youth challenges in trade in Africa.¹⁰

There is a relative paucity of specific complementary initiatives addressing labour issues in the wider AfCFTA ecosystem of activities. The most notable is the African Union's Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment (also referred to as the Free Movement Protocol for short). This was launched alongside the AfCFTA at the African Union summit in March 2018. The Free Movement Protocol would strengthen movement, residency and migrant labour rights across the continent, but it has so far been ratified by only four countries (with 15 being the minimum number required for its entry into force, as laid down in its Article 33) (AU 2022). There is also an African Union Migration Policy Framework for Africa, submitted to the Executive Council of the African Council in June 2006.¹¹ This framework aims to guide policymaking in several areas of migration governance.

While gender and youth issues are now quite well reflected in the wide range of AfCFTA-related projects, programmes and activities, labour issues remain neglected. The importance of labour rights risks being overlooked in the initiatives that are meant to support the implementation of the AfCFTA.

9 [Decision Assembly/AU/Dec.569\(XXV\)](#) of 15 June 2015 of the Assembly of the Heads of State and Government of the African Union called upon the UNECA and the UNCTAD as technical partners to provide the Member States, the African Union Commission and the regional economic communities with support for the AfCFTA negotiations.

10 See the Council's website, <https://www.icoyacafrica.org/>.

11 [Decision EX.CL/Dec.304 \(IX\)](#) of 29 June 2006 of the Executive Council of the African Union.

► 6.3 Optimizing the AfCFTA for workers, including women and young people

The AfCFTA in particular, can be expected to have vastly different effects on labour market outcomes across and within different countries. This heterogeneity depends on the pace and shape of liberalization, the structure of the economies affected and the strength of institutions in those countries. Fortunately, policymakers can influence many of these factors. Section 6.2 outlined the legal and institutional framework of the AfCFTA and its ecosystem of existing complementary initiatives. This served to bring to light both strengths, such as dedicated provisions on women and youth in trade, and weaknesses, such as the absence of provisions dealing with other social and development-related issues. It also served to make clear that the AfCFTA is an evolving initiative that is flexible and susceptible of change. This section looks at three avenues for policy measures that can be taken to shape the above-mentioned factors so as to achieve better labour market outcomes.

6.3.1 Ongoing and future AfCFTA negotiations

The Phase II and Phase II+ negotiations offer opportunities for improving the way in which the AfCFTA delivers for workers, including for women and young people. There are two areas in the ongoing Phase II negotiations that are well suited to the inclusion of labour provisions, namely investment and competition policy, while the Protocol on Women and Youth in Trade is a natural entry point for addressing gender and youth issues.

6.3.1.1 Protocol on Investment

Negotiators will likely model the AfCFTA Protocol on Investment on, and build upon the precedent set by, the 2016 Draft Pan-African Investment Code (UNECA et al. 2019). The Pan-African Investment Code includes labour-related commitments to discourage countries from loosening labour regulations as a means of attracting investment and commitments.¹² It also requires investors to “comply with international conventions and existing labor policies and, in particular, not use child labor and shall support efforts for the elimination of all sort of child labor, including forced or compulsory labor

¹² See Art. 34(1) of the [Draft Pan-African Investment Code](#).

within Member States”.¹³ Such provisions can help to encourage and raise awareness of good practices among investors. They may also contribute to strengthening labour market institutions (ILO 2017b).

In early 2023 a draft of the Protocol on Investment to the AfCFTA became public,¹⁴ which indeed contains a number of labour-related commitments. This includes language requiring States to “ensure ... labour ... protection, taking into account domestic policies, international best standards and relevant international agreements to which they are parties”.¹⁵ State parties are also precluded from “encourag[ing] investment by relaxing or waiving domestic standards, or compliance with environment, labour and consumer protection laws and international minimum standards”.¹⁶ Furthermore, the Draft Protocol contains several provisions containing obligations incumbent on investors: In particular, investors are obliged to abide by “the International Labour Organisation (ILO) standards, including the ILO Declaration on Fundamental Principles and Rights at Work, and domestic labour legislations”. In addition, investors specifically must refrain from “us[ing] child labour or forced and compulsory labour”, “eliminate discrimination in respect of employment and occupation” and abstain from retaliatory actions against whistle blowers, in addition to certain human rights-related obligations.¹⁷ While the Draft Protocol does not provide for a complaint mechanism for third parties or a specific mechanism for labour cooperation or dialogue, the Committee on Investment or its to-be-established subcommittees¹⁸ might assume the overseeing of implementation. In addition, the Draft Protocol provides for a state-to-state dispute settlement procedure under the draft investment procedure, but it is still too soon to determine to which extent this will be used for the enforcement of labour provisions. The Draft Protocol also includes specific language to protect the regulatory space of the State parties by stipulating that “[n]on-discriminatory regulatory actions by a State Party designed to protect legitimate public policy objectives, such as

13 Art. 34(3) of the Draft Pan-African Investment Code.

14 The draft appears to have been published first on the website www.bilaterals.org, which has been referred to by several online publications, including a blog post published on the AfCFTA Secretariat’s website. See: [The AfCFTA Investment Protocol – A Potential Game Changer for the African Continent?](#)

15 Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Art. 25(1).

16 Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Art. 25(2).

17 Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Art. 33.

18 See Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Art. 41.

... labour rights or to comply with other international obligations, shall not constitute indirect expropriation”.¹⁹

Negotiators could go further by including a similar exception clause also into the provisions regarding national treatment and most-favoured nations requirements where such provisions are currently not contained.²⁰ Furthermore, negotiators could consider incorporating more robust implementation mechanisms for labour rights into the Protocol on Investment, such as complaint mechanisms through which civil society actors can file submissions on alleged violations by investors and States.

6.3.1.2 Protocol on Competition Policy

The second potential area for incorporating labour provisions as part of ongoing negotiations is the AfCFTA Protocol on Competition Policy. It is likely to be inspired by the approach used in most competition treaties at the regional level in Africa, such as those of the COMESA (Common Market for Eastern and Southern Africa) Competition Commission, the EAC Competition Authority and the ECOWAS Regional Competition Authority. These explicitly permit collective bargaining as a valid exception. For instance, the ECOWAS rules explicitly exclude “labour-related issues, notably activities of employees for the legal protection of their interests” and “collective bargaining agreements between employers and employees for the purpose of fixing terms and conditions of employment”.²¹

The draft text of the AfCFTA Protocol on Competition Policy, which was under negotiation as at October 2022, notably did include similar such exceptions for labour-related issues.²² These exceptions, which are not uncommon, explicitly clarify the permissibility of collective bargaining, which can help to improve wages and working conditions and ensure that workers are able to capture some of the gains from the new economic opportunities generated by the AfCFTA.

19 See Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Art. 20(2).

20 See Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment of January 2023, Arts 13 and 15.

21 [ECOWAS Supplementary Competition Act](#) (2008), Arts 4(2) and 4(2)(a).

22 According to feedback from negotiators involved in those negotiations at the time of writing.

6.3.1.3 Protocol on Women and Youth in Trade

To the extent that the AfCFTA Protocol on Women and Youth in Trade mirrors recent trends in trade treaty-making, it is likely that the “women” part of this Protocol will have similarities with recently negotiated trade and gender chapters. These have involved the creation of trade and gender advisory committees, pledges to collect sex-disaggregated data for impact monitoring, the prohibition of gender-based labour discrimination and the reaffirmation of equal pay for work of equal value (UNCTAD 2020b; Reinsch, Lim and Brodsky 2021). The topic of young people and trade is one with fewer antecedents, but it can be developed following the format used by trade negotiators in drawing up trade and gender provisions.

At least 75 trade agreements are in force that include some sort of gender or gender-related provisions (Monteiro 2018). These vary considerably in terms of language, scope and strength of commitment. Some agreements invoke gender equality in the preamble, others carve out a “right to regulate” in favour of gender equality (for instance, to allow restrictions to public procurement requirements so as to promote gender inclusion), while yet others create cooperation platforms and set forth commitments to domestic policies and programmes on gender.

The most common gender-related provisions in trade agreements concern cooperation (Monteiro 2018).²³ For instance, the EAC Treaty (1999) focuses on cooperation platforms and on encouraging domestic gender-related policies.

Beyond cooperation provisions, most gender provisions in existing trade agreements “tend to be worded in best-endeavour terms” (Monteiro 2018, 26), that is to say, they contain commitments that require an effort rather than specific results from the parties. A number of these provisions are exempted from dispute settlement mechanisms (and therefore unenforceable) or entail behind-the-border commitments that are extremely unlikely to be contested or enforced in a trade dispute (see for example UNCTAD 2017b). Furthermore, the trade and gender frameworks established by Africa’s regional economic communities have been criticized for limited follow-up on their implementation, challenges in coordination, implementation, monitoring and capacity building, and weak monitoring and accountability mechanisms (Pettinotti, Naliaka and Hasham 2022).

The Protocol on Women and Youth in Trade could prioritize addressing the obstacles that Africa’s women are likely to face in seizing the opportunities created by the AfCFTA, as well as additional challenges that they could

23 See, for example, the modernized Canada–Chile Free Trade Agreement, which entered into force in 2019 and features a “Trade and Gender” chapter.

encounter because of import competition (see section 6.1). Such efforts could be based on coordination among State parties to develop cooperative skills and entrepreneurship programmes that would specifically support women and young people in the manufacturing, innovative or higher-skilled sectors. They could also include specific monitoring and evaluation commitments to encourage the reporting of sex- and age-disaggregated trade data with a view to better identifying the sectors and countries in which women and young people (and other vulnerable groups) may face AfCFTA-related challenges, all the more so given that the projections are mixed.

6.3.2 Revisions or addenda to the AfCFTA Agreement

6.3.2.1 Labour revisions to the AfCFTA Agreement

The AfCFTA could be revised to include labour provisions in the AfCFTA Agreement. This might include references to labour standards; mechanisms for monitoring or promoting the application of such standards, including consultative groups and technical cooperation; and frameworks for cooperation, such as best practice seminars and forums. These provisions, which are increasingly common in trade agreements, can improve labour outcomes by enhancing the capacity and awareness of public authorities, firms and stakeholders as regards labour issues, which in turn can lead to institutional change, such as in the form of new and better enforced labour laws (ILO 2017b).

That would enable the AfCFTA State parties to better address the labour challenges and opportunities created by the agreement. As noted in section 6.1, the AfCFTA is likely to see a sectoral shift in employment to manufacturing in many countries. Labour monitoring mechanisms could help to flag problems in this transition; frameworks for cooperation could assist in the development of support programmes; and the promotion of labour standards could discourage States from resorting to regulatory laxity to attract related investments.

New labour-related additions to the AfCFTA Agreement could also reaffirm commitments to ending modern slavery, human trafficking and child labour, and to protecting labour rights and promoting safe and secure working environments (which relate to SDG targets 8.7 and 8.8, respectively). Although most African countries were signatories to all fundamental Conventions of

the ILO when the AfCFTA Agreement was negotiated,²⁴ the reaffirmation of these commitments would help to highlight their importance, improve awareness of them among trade policymakers and practitioners, and ensure more effectively that governments and private sector institutions take them into account as they seek to develop policies and strategies to harness the opportunities created by the AfCFTA.

6.3.2.2 Mechanisms for cooperation and dialogue

Labour commitments in the AfCFTA Agreement could create institutional structures for cooperation and dialogue. For instance, recent EU trade agreements (such as the one with the Republic of Korea) commit to establishing domestic advisory groups to act as vectors for sourcing information and providing feedback on further action with respect to labour (and other) rights and cooperation projects (ILO 2016). Doing so would build on best practices at the regional level, such as the COMESA Committee on Labour, Human Resources and Social and Cultural Affairs, which is responsible for implementation of the COMESA Social Charter covering cooperation on labour and other issues. Depending on their design, such mechanisms could also strengthen social dialogue between employers' and workers' organizations.

6.3.2.3 Mechanisms for revising the AfCFTA Agreement

Negotiators could expand the scope of the Protocol on Women and Youth in Trade to cover other sustainable development issues more broadly, such as labour and the environment. By doing so – rather than addressing sustainable development issues in different protocols and chapters of, or committees under, the AfCFTA Agreement – it would be possible to reduce overlap and duplication. Moreover, there is established precedent for expanding the scope of AfCFTA Protocols: what was originally set to be a Protocol on “e-commerce” was subsequently expanded to cover “digital trade” through a decision at the level of the Assembly of the African Union.

²⁴ See the comparative data provided by the [Information System on International Labour Standards](#).

Alternatively, an additional protocol or side agreement could be added to the AfCFTA Agreement to address labour (and other) topics individually. The North American Free Trade Agreement (NAFTA) was the first agreement in which this was done with a side agreement on labour that was later added, known as the North American Agreement on Labor Cooperation, covering issues such as freedom of association, the right to bargain collectively, employment discrimination, equal pay for men and women, and minimum wages (Art. 49).

The AfCFTA Agreement establishes a five-year review mechanism (Art. 28) to “ensure effectiveness, achieve deeper integration, and adapt to evolving regional and international developments”. Once triggered, which should happen on 30 May 2024, negotiators could revisit the agreement to integrate labour rights.

6.3.3 Accompanying measures

One of the key takeaways from the empirical literature on the impact of trade on labour market outcomes is that institutions and accompanying measures implemented alongside trade reforms play an important role. As shown above, a remarkably wide range of accompanying measures have been, and continue to be, implemented alongside the AfCFTA. Yet relatively few of these specifically address labour issues, while those targeted at women and young people could go even further.

6.3.3.1 Labour-related accompanying measures

The African Union’s Free Movement Protocol is perhaps the most significant labour-related accompanying measure. Launched alongside the AfCFTA at the African Union summit in March 2018, it has unfortunately not managed to garner more than 4 of the 15 ratifications required for its entry into force and so is not operational. If it is eventually implemented, the Free Movement Protocol will establish rights of entry, establishment, residence and social security for African workers across the entire continent. That would enhance mobility in labour markets and the protection of migrant workers’ rights, which would in turn help workers to move to take advantage of new and emerging opportunities created by the AfCFTA.

Measures to address labour market challenges and opportunities at the country level can be included in national AfCFTA strategies. At the July 2018 summit held in Nouakchott, the Assembly of the African Union called for countries to design national AfCFTA strategies as part of the AfCFTA

implementation phase.²⁵ The guidelines for these strategies explicitly highlight the importance of gender equality and women's economic empowerment (UNECA 2021a), but unfortunately overlook labour issues. Policymakers can rectify such omissions by explicitly calling for social partners, such as employers' and workers' representatives to be represented in the national institutional structures charged with leading implementation of the AfCFTA.

6.3.3.2 Women- and youth-related accompanying measures

According to the UNECA (2021b, 1), "[p]romoting gender-equitable outcomes may be best achieved by operationalizing an approach to gender mainstreaming in AfCFTA National Strategies or other AfCFTA action plans". National AfCFTA strategies provide a natural conduit for ensuring that the implementation of the AfCFTA at the country level adequately addresses specific challenges and opportunities for women and young people in trade. This would account for the differentiated impact of the AfCFTA on women and young people. Accompanying measures can address the pervading inequalities that make it more difficult for women or young people to benefit from the AfCFTA. According to the UNECA (2021b, 6), barriers that disproportionately affect businesses led by women in Africa include "legal discrimination, finance and assets, education and skills gaps, social norms, risk of gender-based violence, confidence and risk preferences, access to networks and information, household allocation of productive resources and time constraints and care". COMESA, for example, has a Women Economic Empowerment Fund to provide female cross-border traders with access to finance so that they can benefit from the COMESA trade regime (COMESA n.d.).

Other accompanying measures are needed for specific trade challenges across countries. The AfCFTA does not yet have a simplified trade regime (MacLeod 2022). Such regimes, which are in place in some of the regional economic communities, such as the EAC and COMESA, help smaller-scale traders to benefit from preferential market access schemes. They involve measures to streamline customs clearance for the consignments of small cross-border traders, helping them to enjoy preferential tariffs. Experiences at the level of the regional economic communities suggest that such regimes have the potential to increase the profit margins of small-scale traders, who disproportionately tend to be women (UNCTAD 2021). Following through

²⁵ See [Decision Assembly/AU/Dec.692/\(XXXI\)](#) of 2 July 2018 of the Assembly of the Heads of State and Government of the African Union.

on the commitment by the Assembly of the African Union to “integrating informal cross[-]border traders into [the] formal economy by implementing the simplified trade regime”,²⁶ would ensure that the benefits of the AfCFTA are extended to marginalized, smaller-scale trade workers.

► 6.4 Conclusions

As a fundamentally economic initiative, the AfCFTA directly and indirectly contributes to achieving many aspects of SDG 8 on decent work and economic growth. However, in its current form it misses out others.

Gender equality and, to a slightly lesser extent, youth opportunities are already central to the AfCFTA. Gender equality is foregrounded among the stated objectives and preambular paragraphs of the AfCFTA Agreement – something that still remains relatively rare in other trade agreements across the world. A dedicated protocol on the topic of women and young people in trade has been negotiated under the auspices of an already established Committee on Women and Youth in Trade. Women- and youth-related issues are also reasonably well reflected in the array of AfCFTA-accompanying initiatives led by the AfCFTA Secretariat, international organizations and their development partners. There has already been, for instance, an AfCFTA Conference on Women and Youth in Trade in 2022; “Making the AfCFTA work for women and youth” was the topic of the 2021 inaugural edition of the *Futures Report* series produced by the AfCFTA Secretariat in collaboration with the UNDP; and gender issues are a core focus of the guidelines for developing national AfCFTA strategies (UNECA 2021a).

Policymakers and their partners should translate these admirable achievements into impactful outcomes. They can do this both by negotiating an ambitious Protocol on Women and Youth in Trade and by buttressing that with effective implementation and accompanying measures, in particular through national AfCFTA strategies. Informed by recent policymaking in this field, the options for the Protocol on Women and Youth in Trade include commitments to domestic policies and programmes on gender and youth issues, establishing mechanisms for cooperation and dialogue, launching

²⁶ [Johannesburg Declaration on the Start of Trading under the Agreement Establishing the African Continental Free Trade Area](#), adopted at the 13th Extraordinary Session (on the AfCFTA) of the Assembly of the Heads of State and Government of the African Union on 5 December 2020.

collective work programmes, and carving out a “right to regulate” in favour of gender or youth equality.

However, there are aspects of SDG 8 in relation to which the AfCFTA could do better. Labour issues, such as ending modern slavery, human trafficking and child labour, and protecting labour rights and promoting safe and secure working environments (the related SDG targets 8.7 and 8.8), are only addressed in the current version of the Protocol on Investment. Meanwhile, SDG target 8.4, dealing with improving resource efficiency in consumption and production, is absent from the objectives and scope of the AfCFTA altogether. There is a relative dearth of accompanying projects, programmes and activities on these issues, too.

This is despite the fact that an increasing number of trade agreements now feature labour and environmental provisions, including many South–South trade agreements (ILO 2016). As far as labour is concerned, such provisions take various forms, including the invocation of ILO instruments, the laying down of obligations to enforce domestic labour laws or abide by minimum standards, the creation of platforms for policy dialogue and cooperation, and the monitoring and evaluation of impacts on labour indicators (ILO 2017b). And these provisions can be impactful. Trade agreements with labour provisions have had positive effects in terms of raising awareness of workers’ rights issues, improving labour legislation, increasing the participation of stakeholders both before and after the adoption of relevant trade agreements, and strengthening domestic institutions with regard to the monitoring and enforcement of labour standards (ILO 2016; ILO 2017b).

To address these gaps, negotiators have several options. One would be to expand the scope of the future Protocol on Women and Youth in Trade to make it more like a “trade and sustainable development chapter”, similar to that of COMESA on labour, human resources and social and cultural affairs (COMESA Treaty, Chapter 4 Art. 15.2(g) and Chapter 21). Alternatively, negotiators could consider adding individual dedicated protocols on various sustainable development issues, such as labour or the environment, although that could risk a duplication of efforts and institutions.

Negotiators could also seek to make revisions to the existing text of the AfCFTA Agreement. The inbuilt five-year review mechanism (Art. 28), which should be triggered on 30 May 2024, could be used to address omissions and gaps in the agreement. That could include making amendments to its preambular paragraphs and objectives to include important reaffirmations

of ILO instruments, such as the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

Finally, policymakers can also seek to better support efforts on labour and other sustainable development issues through accompanying measures implemented alongside the AfCFTA. National AfCFTA strategies, which were called for by the Assembly of the African Union in 2018,²⁷ provide a natural entry point for labour-supporting accompanying policies at the national level. Efforts are needed, too, to drive continental initiatives, such as the African Union's Free Movement Protocol and a continental simplified trading regime, neither of which is currently being implemented.

As the Chairperson of the African Union Commission, His Excellency Mr Moussa Faki Mahamat, said at the launch of the operational phase of the AfCFTA during the African Union summit in July 2019, the AfCFTA is "[m]ore than a free trade area" (Mahamat 2019). It covers a significant range of behind-the-border policy matters. Accordingly, its proponents see in it an "instrument for Africa's development" (Mene 2021), rather than merely a treaty to liberalize trade. This would suggest that the AfCFTA is an appropriate vehicle for addressing broader sustainable development issues. That ambition should be harnessed to ensure that the AfCFTA is able to adequately contribute to progress on labour rights and, more generally, sustainable development in Africa.

27 See [Decision Assembly/AU/Dec.692/\(XXXI\)](#) of 2 July 2018 of the Assembly of the Heads of State and Government of the African Union.

► References

Abrego, Lisandro, Maria Alejandra Amado, Tunc Gursoy, Garth P. Nicholls, and Hector PerezSaiz. 2019. "The African Continental Free Trade Agreement: Welfare Gains Estimates from a General Equilibrium Model", IMF Working Paper No. WP/19/124. International Monetary Fund.

AfCFTA Secretariat (Secretariat of the African Continental Free Trade Area). 2022a. "A Vision for Development in Africa". Speaking notes for H.E. Mr Wamkele Mene, Secretary-General of the AfCFTA Secretariat, at the Antalya Diplomacy Forum, Antalya, Türkiye, 11–13 March 2022.

———. 2022b. "[Women and Youth: The Engine of AfCFTA Trade in Africa](#)". AfCFTA Conference on Women and Youth in Trade, Dar es Salaam, 12–14 September 2022.

AfDB (African Development Bank). 2019. "Integration for Africa's Economic Prosperity". In *African Economic Outlook 2019*, 75–130. Abidjan: African Development Bank.

AU (African Union). n.d.(a). "[Flagship Projects of Agenda 2063](#)".

———. n.d.(b). "[Gender Equality and Development](#)".

———. 2022. "[Draft Continental Strategy on Free Movement Developed](#)". News release, 13 February 2022.

Baten, Joerg, Michiel de Haas, Elisabeth Kempter, and Felix Meier zu Selhausen. 2021. "Educational Gender Inequality in Sub-Saharan Africa: A Long-Term Perspective". *Population and Development Review* 47 (3): 813–849.

Bussolo, Maurizio, and Rafael E. De Hoyos, eds. 2009. *Gender Aspects of the Trade and Poverty Nexus: A Macro–Micro Approach*. Washington, DC: World Bank and Palgrave Macmillan.

Chauvin, Nicolas Depetris, M. Priscila Ramos, and Guido Porto. 2016. "Trade, Growth, and Welfare Impacts of the CFTA in Africa". In *Proceedings of the CSAE Conference 2016: Economic Development in Africa, St Catherine's College, Oxford, 20–22 March 2016*.

COMESA (Common Market for Eastern and Southern Africa). n.d. "[Programme Activities: Cross Cutting Programmes](#)".

Echandi, Roberto, Maryla Maliszewska, and Victor Steenberg. 2022. *Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty*. Washington, DC: World Bank.

Fox, Louise, Cleary Haines, Jorge Huerta Muñoz, and Alun Thomas. 2013. "Africa's Got Work to Do: Employment Prospects in the New Century", IMF Working Paper No. WP/13/201. International Monetary Fund.

Goldberg, Pinelopi Koujianou, and Nina Pavcnik. 2007. "Distributional Effects of Globalization in Developing Countries". *Journal of Economic Literature* 45 (1): 39–82.

ILO. 2015. *World Employment and Social Outlook 2015: The Changing Nature of Jobs*.

———. 2016. *Assessment of Labour Provisions in Trade and Investment Arrangements*.

———. 2017a. *World Employment and Social Outlook 2017: Sustainable Enterprises and Jobs – Formal Enterprises and Decent Work*.

———. 2017b. *Handbook on Assessment of Labour Provisions in Trade and Investment Arrangements*.

———. 2021. *Trade and Decent Work: Indicator Guide*.

———. Forthcoming. "Prosperity through Integration? Welfare, Trade and Labour Effects of the African Continental Free Trade Area and the Belt and Road Initiative".

IMF (International Monetary Fund). 2022. [World Economic Outlook](#) (October 2022) database.

ITC (International Trade Centre) and UNCTAD (United Nations Conference on Trade and Development). 2021. "Unlocking Regional Trade Opportunities in Africa for a More Sustainable and Inclusive Future".

ITU (International Telecommunication Union). 2022. [Regional and Global Key ICT Indicator Aggregates](#), September 2022.

Jensen, Hans Grinstead, and Ron Sandrey. 2015a. *The Continental Free Trade Area: A GTAP Assessment*. Trade Law Centre and United States Agency for International Development.

———. 2015b. "African Agricultural Trade: Recent and the Future". *African Journal of Agricultural and Resource Economics* 10 (2): 146–157.

Kamer, Lars. 2022. "[Highest Level of Education Completed in Africa 2016–2018, by Age Group](#)". Statista.

MacLeod, Jamie. 2022. *Human Rights and the African Continental Free Trade Area: Taking Stock and Navigating the Way Forward*. Friedrich-Ebert-Stiftung.

Madhani, Pankaj M. 2019. "A Study on the Corporate Governance and Disclosure Practices of Tangible Assets- and Intangible Assets-Dominated Firms and Their Relationship". *IUP Journal of Corporate Governance* 14 (2): 7–29.

Mahamat, Moussa Faki. 2019. [Statement delivered at the 12th Extra-Ordinary Summit of the Assembly of Heads of State and Government of the African Union on the African Continental Free Trade Area](#), Niamey, 7 July 2019.

Melitz, Marc J., and Daniel Trefler. 2012. "Gains from Trade When Firms Matter". *Journal of Economic Perspectives* 26 (2): 91–118.

Mene, Wamkele. 2021. ["Statement delivered at the AfCFTA Start of Trading Ceremony Webinar"](#), 1 January 2021.

Monteiro, José-Antonio. 2018. "Gender-Related Provisions in Regional Trade Agreements", WTO Economic Research and Statistics Division Staff Working Paper No. ERSD-2018-15. World Trade Organization.

Parro, Fernando. 2013. "Capital–Skill Complementarity and the Skill Premium in a Quantitative Model of Trade". *American Economic Journal: Macroeconomics* 5 (2): 72–117.

Pettinotti, Laetitia, Laura Naliaka, and Nadia Hasham. 2022. "The AfCFTA and Progress for Gender Equality". Overseas Development Institute, 27 January 2022.

Reinsch, William Alan, Jasmine Lim, and Ally Brodsky. 2021. "Negotiating Trade Agreements: Gender as a Priority?" Center for Strategic and International Studies, 24 May 2021.

Tralac (Trade Law Centre). 2023. [Status of AfCFTA Ratification](#).

UNCTAD (United Nations Conference on Trade and Development). 2017a. "How Do Trade Policies Impact Women? UNCTAD Launches the Trade and Gender Toolbox". News story, 10 July 2017.

———. 2017b. "The New Way of Addressing Gender Equality Issues in Trade Agreements: Is It a True Revolution?", UNCTAD Policy Brief No. 53, October 2017.

———. 2020a. [Key Statistics and Trends in Trade Policy 2019: Retaliatory Tariffs between the United States and China](#).

———. 2020b. "Making Trade Agreements Work for Gender Equality: Data and Statistics", UNCTAD Policy Brief No. 81, June 2020.

———. 2021. *Economic Development in Africa Report 2021: Reaping the Potential Benefits of the African Continental Free Trade Area for Inclusive Growth*.

———. n.d. [UNCTADstat website](#).

UNDESA (United Nations Department of Economic and Social Affairs). 2022. [“2022 Revision of World Population Prospects”](#) (database).

UNECA (United Nations Economic Commission for Africa). 2021a. *Guidelines for Developing African Continental Free Trade Area National Strategies*.

———. 2021b. “Advancing Gender-Equitable Outcomes in African Continental Free Trade Area (AfCFTA) Implementation”. White paper.

UNECA (United Nations Economic Commission for Africa), and CEPII (Centre for International Prospective Studies and Information). 2021. “New Assessment of the Economic Impacts of the Agreement Establishing the African Continental Free Trade Area on Africa”. Policy Brief, July 2021.

UNECA (United Nations Economic Commission for Africa), and FES (Friedrich-Ebert-Stiftung). 2017. *The Continental Free Trade Area (CFTA) in Africa: A Human Rights Perspective*.

UNECA (United Nations Economic Commission for Africa), AU (African Union), and AfDB (African Development Bank). 2017. *Assessing Regional Integration in Africa VIII: Bringing the Continental Free Trade Area About*.

UNECA (United Nations Economic Commission for Africa), AU (African Union), AfDB (African Development Bank), and UNCTAD (United Nations Conference on Trade and Development). 2019. *Assessing Regional Integration in Africa IX: Next Steps for the African Continental Free Trade Area*.

UNDP (United Nations Development Programme) and AfCFTA Secretariat (Secretariat of the African Continental Free Trade Area). 2021. *The Futures Report: Making the AfCFTA Work for Women and Youth*.

World Bank. 2020. *The African Continental Free Trade Area: Economic and Distributional Effects*.

WTO (World Trade Organization). 2022. “Trade and Gender-Related Provisions in Regional Trade Agreements”. INF/TGE/COM/4.

———. n.d. [“Database on Gender Provisions in Regional Trade Agreements”](#).

► Appendix I. Modelled estimates of the impact of the African Continental Free Trade Area on African countries, with a focus on labour market outcomes

Study	Assumptions/ scenarios	Macroeconomic outcomes (gains)	Labour market outcomes
ILO (forthcoming)	► 100% tariff cut ► 50% NTB cut ► 10% reduction in trade costs through trade facilitation	► 3.2% increase in GDP ► 14% increase in exports	► Increase in average wages for all countries, except Botswana (-1.2%) and Nigeria (-2%) ► Capital factor gains relative to labour in 20 out of 28 countries, and land gains relative to labour in 8 out of 28 countries ► Wages rise faster for skilled than for semi-skilled workers in 27 out of 28 countries
Echandi, Maliszewska and Steenberg (2022)	<u>Various scenarios up to:</u> ► 100% tariff cut ► 50% NTB cut ► 10% reduction in trade costs through trade facilitation ► Increased FDI inflows ► FDI boost from Phase II protocols	► 7.1% to 9.0% increase in GDP ► 29% to 31.5% increase in exports	► Wages grow faster for skilled workers relative to unskilled workers ► 2.25% to 2.45% of labour shifts between sectors, mostly from agriculture to the manufacturing sector
UNECA and CEPII (2021)	<u>Various scenarios up to:</u> ► 100% tariff cut ► 100% services barriers cut ► 100% NTM cut	► 33.8% to 97.0% increase in intra-African exports ► 8.5% decrease in tariff revenues	► Biggest boost is to industry and agri-food sectors, with a shift away from energy and mining. Up to 66% of gains from the AfCFTA are to the industry sector in intra-African trade, and just 3% are in the services sector
UNCTAD (2021)	► Export potential model	► 18% increase in export potential by 2025	► Biggest gains for trade in vehicles, sugar, soap, fish, plastics, electrical machinery and fruit sectors

►Appendix (cont'd)

Study	Assumptions/ scenarios	Macroeconomic outcomes (gains)	Labour market outcomes
Abrego et al. (2019)	► 100% tariff cut ► 35% NTB cut ► Either perfect or imperfect competition scenarios	► 2.11% increase in welfare ► 8.4% increase in exports to rest of the world ► 82% increase in intra-African exports	► Small loss in government revenue (0.03% as a share of GDP) due to tariff cuts (potentially affecting social security spending) but overall revenue increases once assumptions about reducing NTBs are factored in ► Over 60% of overall income gains are in the manufacturing sector ► Relatively more gains are concentrated in large economies (South Africa and Nigeria) under the assumption of imperfect competition
AfDB (2019)	<u>Various scenarios up to:</u> ► 100% tariff cut ► Removal of NTBs ► Trade facilitation	► 0.1% to 3.5% increase in real income ► 14.6% to 132.7% increase in intra-African exports	► Small decline in government revenue following tariff cuts (potentially affecting social security spending) rising to a US\$15 billion increase in revenue under all assumptions related to removal of NTBs and trade facilitation
Chauvin, Ramos and Porto (2016)	<u>Various scenarios up to:</u> ► 100% tariff cut ► 50% NTM cut 30% cut in transaction costs	► 0.1% to 2.64% increase in welfare	► Heterogenous sectoral impacts across countries ► Unskilled wages increase more than skilled wages in 19 out of 20 countries with only tariff cuts, with more skilled workers gaining with improvements related to NTBs and transaction costs ► AfCFTA is pro-poor in some countries and pro-rich in others
Jensen and Sandrey (2015a)	<u>Various scenarios up to:</u> ► 100% tariff cut ► 50% NTM cut	► Total Africa welfare gain of US\$39 billion ► Welfare changes of between -US\$1.4 billion to +US\$9.9 billion by country ► Exports change by -0.7% to +43% by country	► Skilled labour gains in employment relative to unskilled labour in 5 out of 9 countries and both gain similarly in 1 out of 9 countries ► Unskilled labour gains in employment relative to skilled labour in 3 out of 9 countries ► Unemployment rises in 1 out of 9 countries (Zimbabwe) ► Capital gains relative to labour in 9 out of 10 countries
Jensen and Sandrey (2015b)	<u>Various scenarios up to:</u> ► 100% tariff cut ► 50% NTM cut ► 30% cut in transaction costs	► 0.1% to 2.64% increase in welfare	► Demand for both skilled and unskilled labour increases ► General decline in government revenue due to tariff liberalization

FDI = foreign direct investment; GDP = gross domestic product; NTB = non-tariff barrier; NTM = non-tariff measure

Note: Efforts have been made to present comparable results, rather than necessarily headline results, to facilitate comparability between the studies.

► **Appendix II. Modelled estimates of the impact of the African Continental Free Trade Area, with a focus on gender-disaggregated outcomes**

Study	Gender-related outcomes
ILO (forthcoming)	Wages rise faster for men in 24 out of 28 countries
Echandi, Maliszewska and Steenbergen (2022)	Female- and skill-intensive sectors expand the most, but with regional heterogeneity Female workers' wages grow fastest
Chauvin, Ramos and Porto (2016)	Female-headed households benefit more than male-headed ones in Burkina Faso and Ethiopia, are similarly affected in Madagascar, but benefit less than male-headed households in Cameroon and Nigeria.

