

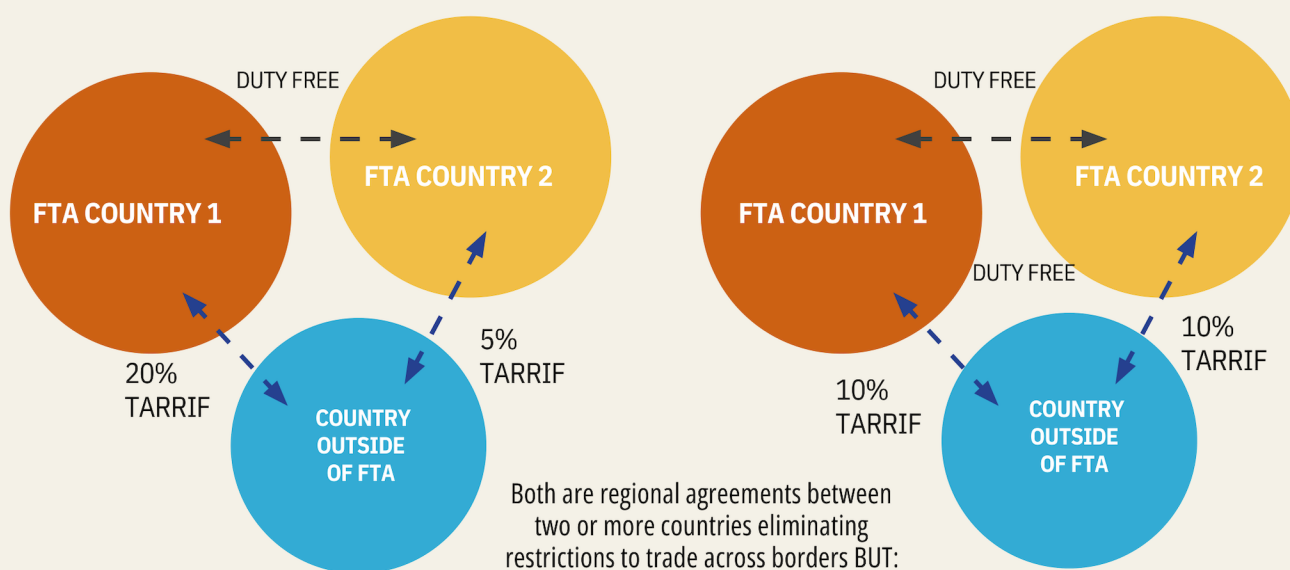


It's important that we distinguish between free trade agreements (FTAs), such as the AfCFTA, and Customs Unions. The AfCFTA is a continental FTA. However, there are several existing regional economic communities (RECs) in Africa. More than **15** regional integration arrangements with overlapping membership of different countries are in place. The aim is for all RECs to become customs unions under the Abuja Treaty of 1991. However, this is not yet the case. Only the Southern African Customs Union (SACU), the West African Economic and Monetary Union (UEMOA), the Economic and Monetary Community of Central Africa (CEMAC) and the East African Community (EAC) have a customs union.

The development of a continental customs union is also a long-term goal of the AfCFTA. Customs unions that are in place or are in the pipeline will be maintained under the AfCFTA. Understanding the difference between a customs union and a free trade agreement is important because of the way in which negotiations take place.

As the figure below illustrates, an FTA and a customs union may at first appear to be similar, but on closer inspection there are clear differences that will be central to the implementation of the AfCFTA.

WHAT IS THE DIFFERENCE BETWEEN A FREE TRADE AGREEMENT and a CUSTOMS UNION?



In an FTA:

- Each member can negotiate tariffs individually with countries outside of the agreement.
- Each member will have different tariff arrangements with outside countries (for example, 5% and 20%).
- The free movement of goods is only allowed between member countries if it satisfies the RoO of the FTA.

In a customs union:

- Negotiations must be done as a customs union representing all members.
- All members apply the same common customs tariff (for example, 10%) against a country outside of the agreement.
- The free movement of goods is allowed between member countries.

Trade unions need to be aware that there will be various overlaps with regional customs unions and existing regional FTAs in the AfCFTA negotiation processes.