

African Regional Organisation of the International  
Trade Union Confederation (ITUC-Africa)

# **Impact Analysis of the African Continental Free Trade Area (AfCFTA)**

Regional Capacity Development and Political  
Engagement Forum in Nairobi, Kenya.  
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# Agenda & Timetable



Background & Rationale



Study Objectives & Methodology



AfCFTA Implementation Review



Trade & Economic Impacts



Labour & Social Outcomes



Recommendations & Union Action



Q&A

# Why this Study Matters

Largest free-trade area  
worldwide: 54 states,  
1.3 bn people,  
US\$3.4 trn GDP

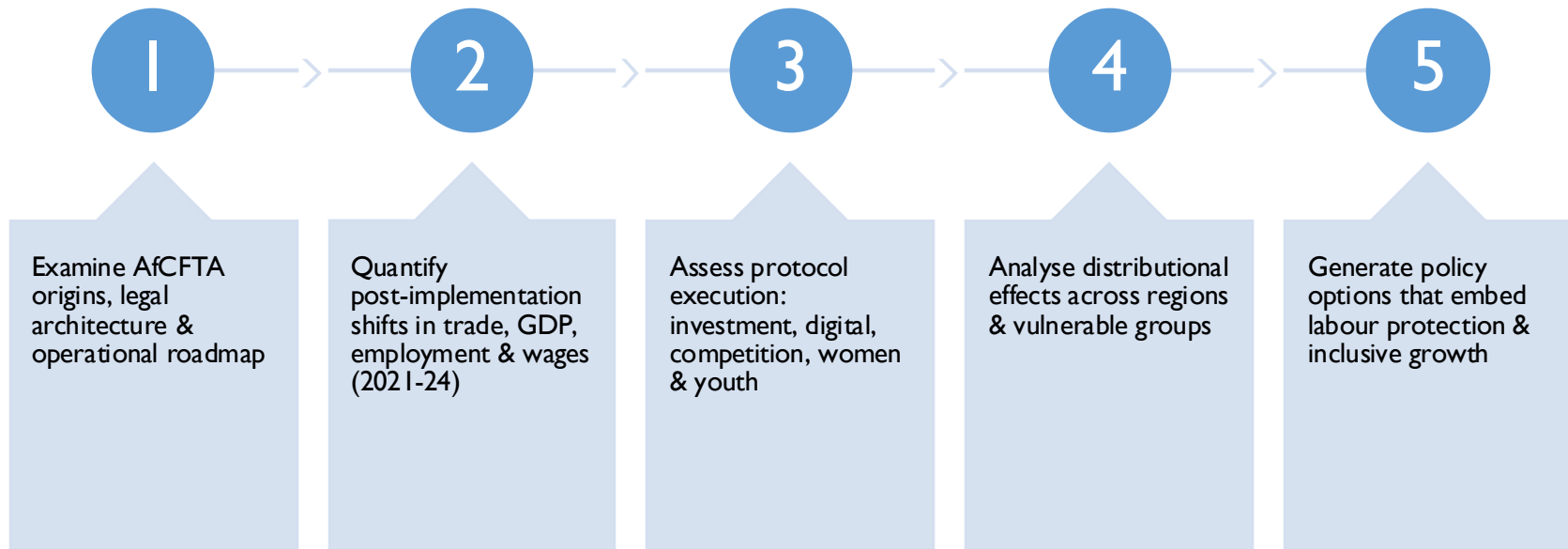
Promises market  
access, industrial  
diversification, &  
decent job creation

Trade-union lens  
needed to track wage  
equity, job quality &  
rights

Evidence base guides  
advocacy on tariff  
schedules, labour  
clauses & social  
dialogue

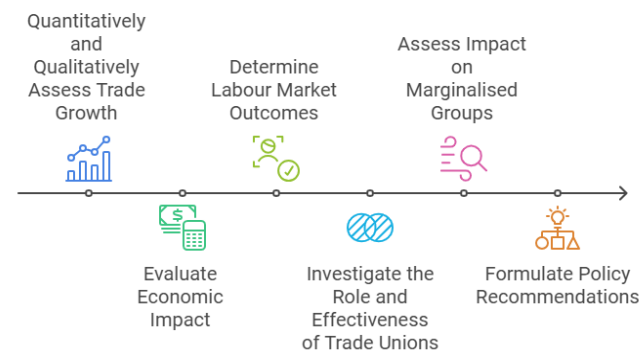
2021–2025 window  
offers first empirical  
look at post-launch  
performance

# Scope & Objectives

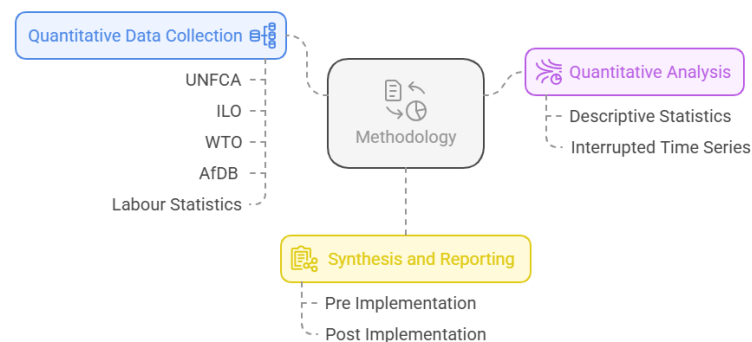


# Methodology at a Glance

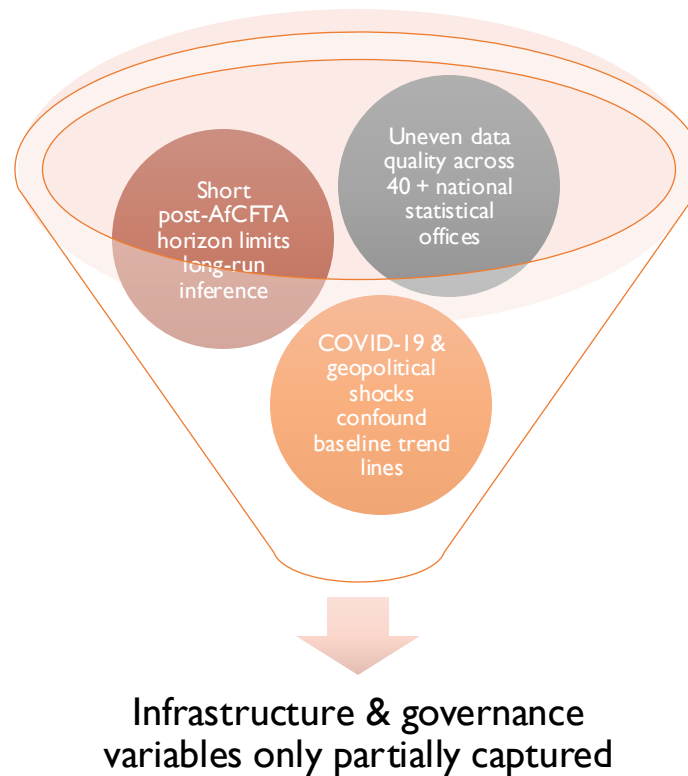
- Data sources: UNECA, WTO, AfDB, ILO, national statistics (2013-24)
- Phase I – data collection incl. secondary literature review
- Phase II – Descriptive stats • Interrupted Time-Series (ITS) • Panel regressions
- Robustness checks: Breusch-Pagan, Durbin-Watson, Ljung-Box, Lilliefors
- Disaggregation: women, youth, PWD; sector & REC comparisons



## Methodology for Quantitative Data Collection and Analysis

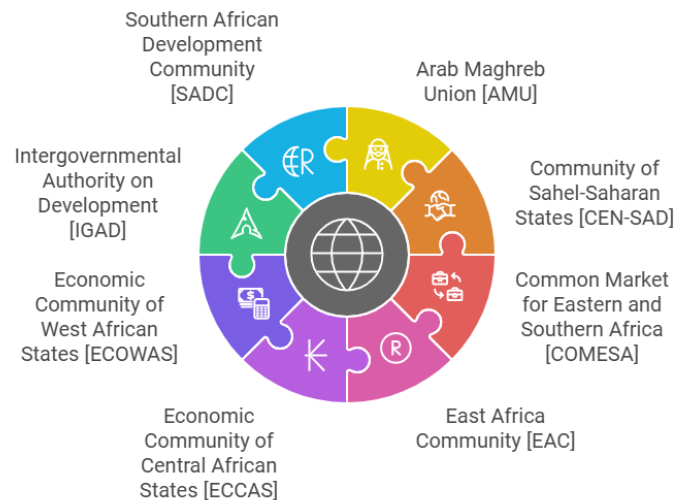


# Study Limitations



## AfCFTA in Brief

- Treaty adopted 2018; trading commenced Jan 2021
- **Goal:** single continental market for goods, services, persons & capital
- Phase I (2019): Trade in Goods & Services, Dispute Settlement
- Phase II (2023): Investment, Competition, IP, Digital Trade, Women & Youth
- RECs recognised as building blocks; Guided Trade Initiative (GTI) launched 2022



# Implementation Phases & Tariff Schedules

- Tariff dismantling: 90 % of lines in 5 yrs (non-LDCs) / 10 yrs (LDCs)
- Sensitive products: additional 7 % liberalised over 10-13 yrs
- Excluded list capped at 3 % of tariff lines
- 37 member states deposited schedules by Oct 2024; GTI shipments involve 35
- Customs clearance times down 12-18 % on pilot corridors

## Post Implementation [2020-2023]

Achieve 25% increase in intra-Africa trade

Streamlined and uniform customs procedures.

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## Pre Implementation [2017-2019]

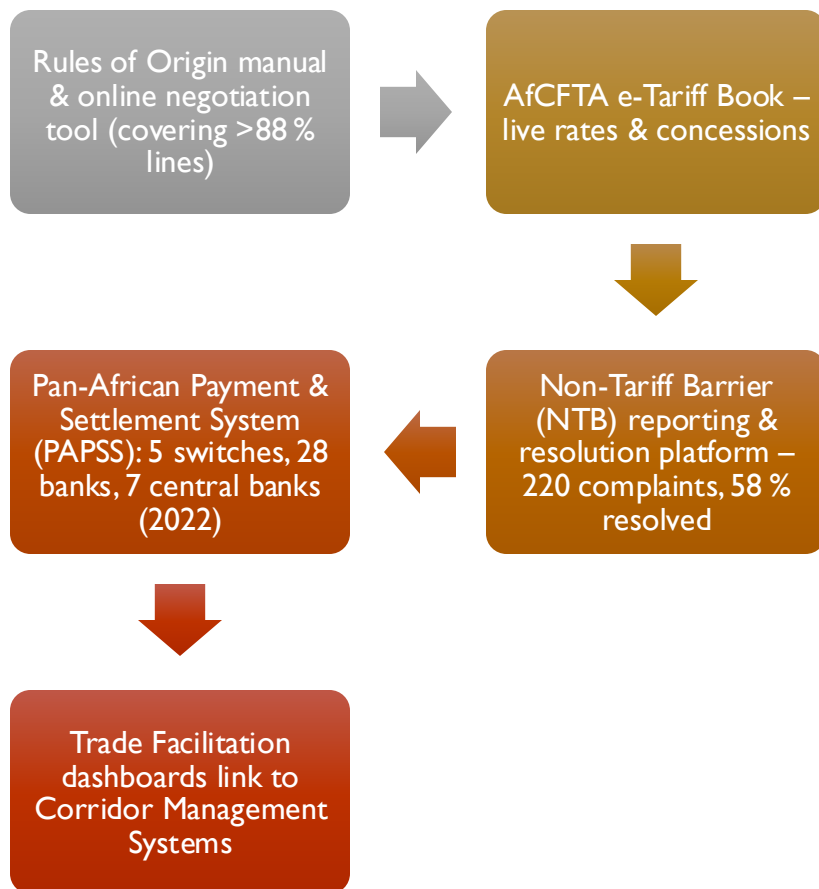
High tariffs hinder cross-border business

Ineffective customs processes.





## Key Operational Instruments



# Protocol Highlights

- **Protocol on Trade in Goods**
  - Tariff liberalisation (progressive removal of tariffs)
  - Rules of origin
  - Non-tariff barriers (NTBs) elimination
  - Trade facilitation (customs cooperation, transit, standards)
  - Trade remedies (safeguards, anti-dumping, subsidies)
- **Protocol on Trade in Services**
  - Progressive liberalisation of key service sectors
  - Mutual recognition of professional qualifications
  - Domestic regulation discipline
  - Temporary movement of persons (Mode 4)
- **Protocol on Dispute Settlement**
  - Transparent and binding dispute resolution mechanism
  - State-to-state complaints process
  - Alignment with WTO principles but Africa-centred
- **Protocol on Investment**
  - National treatment and Most-Favoured-Nation (MFN) treatment
  - Investor protection and dispute prevention
  - Responsible business conduct & sustainable development principles
  - Special safeguards for host states
- **Protocol on Intellectual Property Rights (IPR)**
  - Balanced IP protection to encourage innovation
  - Facilitate technology transfer and capacity building
  - Harmonisation of IP regimes to ease cross-border trade
  - Recognition of traditional knowledge and genetic resources
- **Protocol on Competition Policy**
  - Prohibits anti-competitive behaviour (cartels, monopolies, abuse of dominance)
  - Framework for cooperation among national and continental competition authorities
  - Promotes consumer welfare and market fairness
- **Protocol on Digital Trade**
  - Facilitates cross-border data flows
  - Promotes e-commerce and digital financial services
  - Ensures cybersecurity cooperation and digital trust
  - Validates e-signatures and digital authentication
- **Protocol on Women and Youth in Trade**
  - Targets for formalisation of women- and youth-led enterprises
  - Establishment of support and capacity-building funds
  - Sex- and age-disaggregated data for monitoring and evaluation
  - Special incentives and access to finance mechanisms

## Pre-AfCFTA Trade Landscape (2018-19)

Intra-African trade share: 16 % of total vs 59 %  
Asia, 68 % Europe



Top exporters 2019: South Africa (US\$24 bn),  
Nigeria (US\$16 bn), Egypt (US\$12 bn)



Major bottlenecks: NTBs, poor logistics, multiple  
currencies, fragmented standards

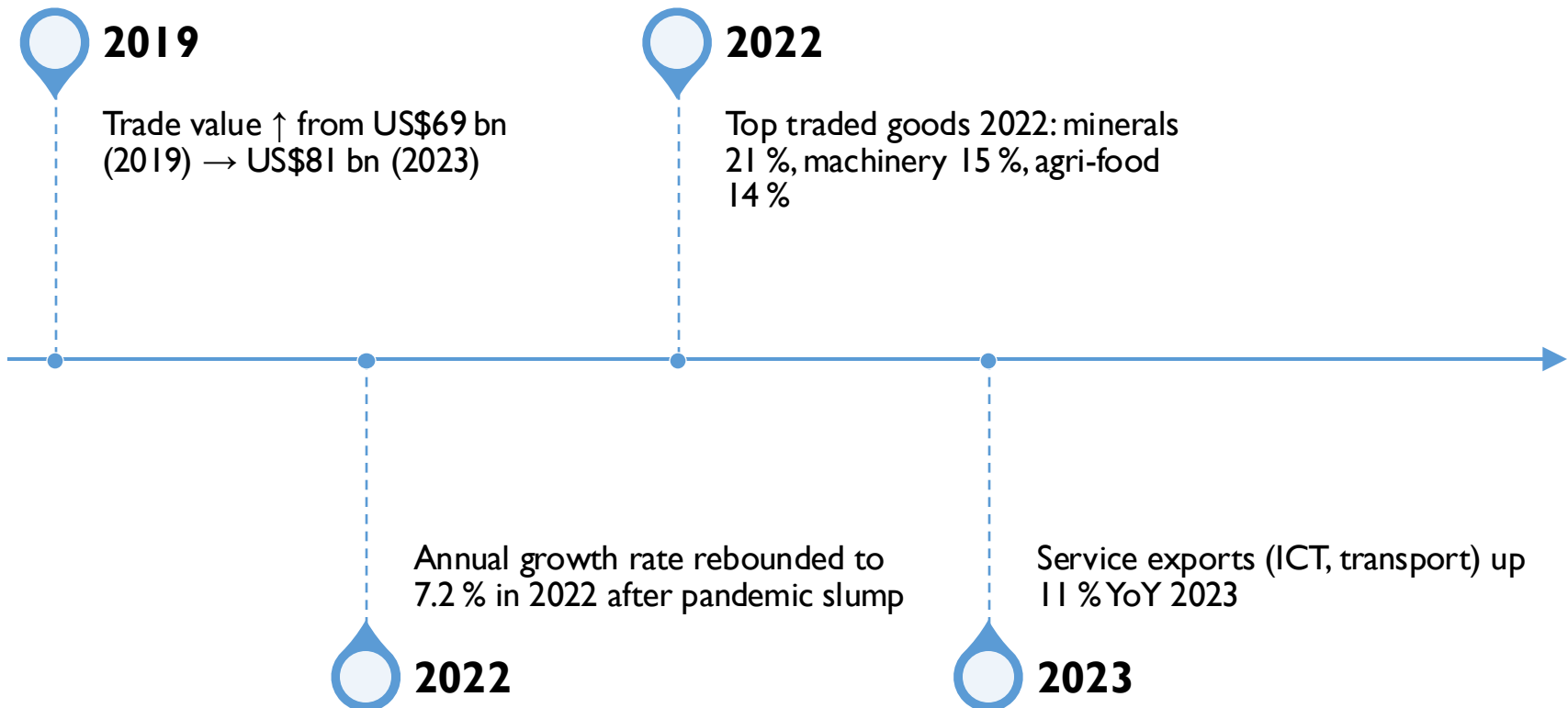


Average customs dwell time: 126 hours; logistics  
costs ~1.8× global average

## Trade Barriers Post-Implementation (2021-24)

- NTB complaints: 220 logged • 128 resolved • average resolution time 39 days
- Customs clearance on Tema–Abidjan corridor fell from 12 h to 9.5 h
- Logistics cost savings on select corridors: –9 % (road freight), –5 % (maritime)
- PAPSS pilots saved US\$5 – 8 m in FX conversion fees (2022-23)

# Intra-African Trade Trend



## Regional & REC Dynamics

SADC leads with 35 % of intra-African trade value; ECOWAS 24 %; COMESA 18 %

Central Africa contributes just 6 % owing to infrastructure & governance gaps

Trade within RECs grows faster (+9 %) than cross-REC flows (+5 %) in 2023

Targeted support required to lift underperforming regions

## Robustness Diagnostics

- Breusch-Pagan 5.94 ( $p = 0.11$ ) – no heteroskedasticity
- Durbin-Watson  $\approx 2.10$  – no autocorrelation
- Ljung-Box 0.07 ( $p = 0.79$ ) – residual independence
- Lilliefors 0.20 ( $p = 0.32$ ) – residual normality upheld

| Metric             | Value                  |
|--------------------|------------------------|
| Dependent Variable | TradeValue             |
| R-squared          | 0.256                  |
| Adjusted Rsquared  | -0.117                 |
| Method             | Ordinary Least Squares |
| F-statistic        | 0.6869                 |
| Prob (F-statistic) | 0.592                  |
| Log-Likelihood     | -26.372                |
| No. Observations   | 10                     |
| AIC                | 60.74                  |
| BIC                | 61.95                  |
| Df Model           | 3                      |
| Df Residuals       | 6                      |
| Covariance Type    | Nonrobust              |

Regression Results from Interrupted Time Series Analysis

## Interrupted Time-Series (ITS) Results

- Clear structural break detected Q1-2021 ( $p < 0.05$ )
- Level change: +US\$4.3 bn quarterly intra-African exports
- Slope change: +0.6 bn per quarter through Q4-2024
- Model explains 25.6 % of variance ( $R^2 = 0.256$ ); F-stat 0.69 ( $p = 0.59$ )

**An Interrupted Time Series (ITS) is a quasi-experimental design used to evaluate the impact of an intervention by examining changes in a time-ordered data series before and after the intervention's implementation**

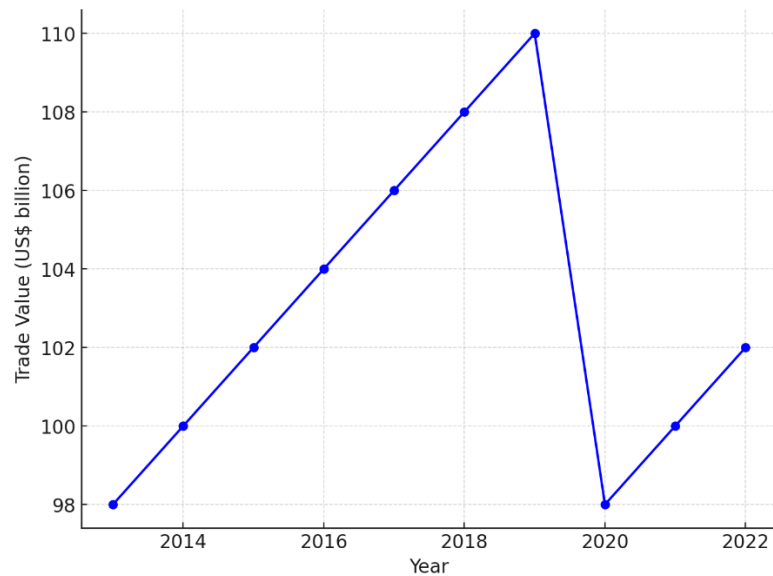


# Macroeconomic Impacts

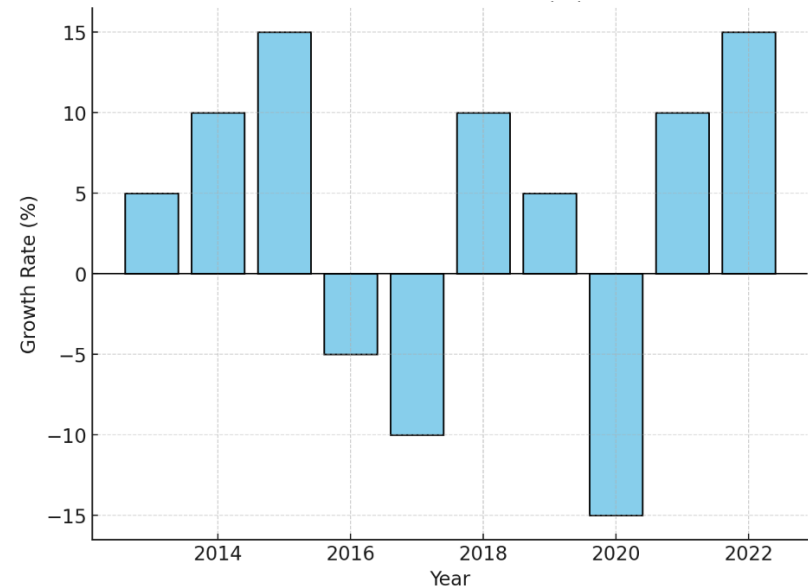
- +0.5 pp to continental GDP growth in 2022 attributable to AfCFTA-linked trade
- UNECA projects cumulative +US\$450 bn GDP gain by 2035
- Export diversification indices improved in Kenya (+12 %), Morocco (+9 %)
- Foreign direct investment inflows to AfCFTA states ↑ 17 % (2021-23)



# Trade Trends & Trade Dynamics in Africa: Analytical Insights - I

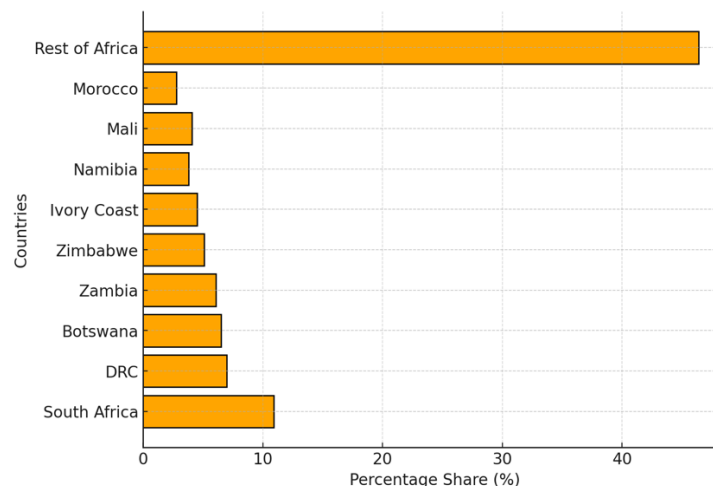
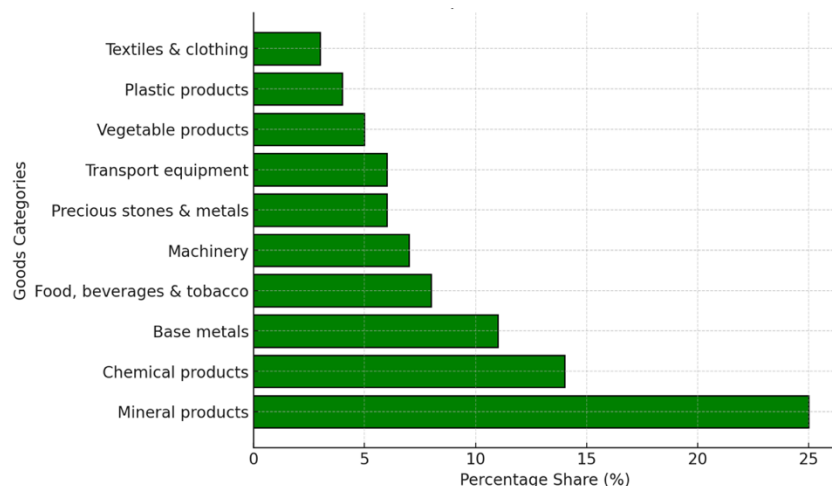


*Intra-Africa Trade (US\$ billion)*



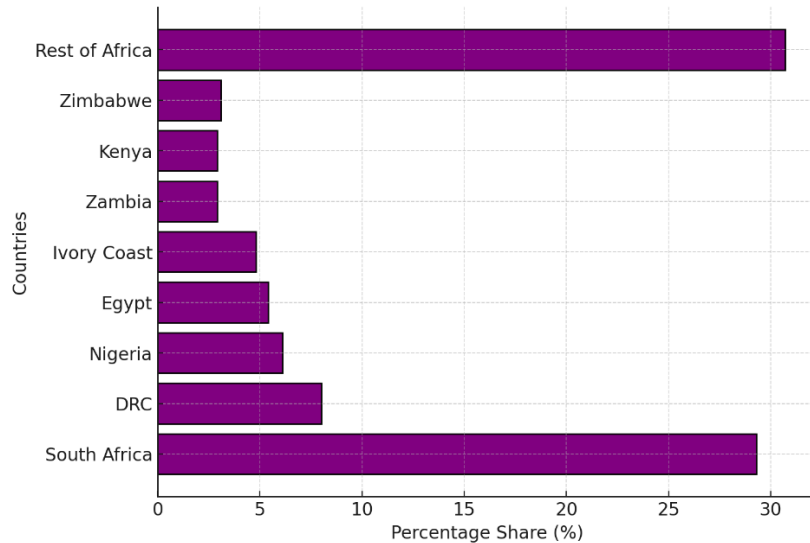
*Intra-Africa Trade Annual Growth Rate (%)*

# Trade Trends & Trade Dynamics in Africa: Analytical Insights - 2

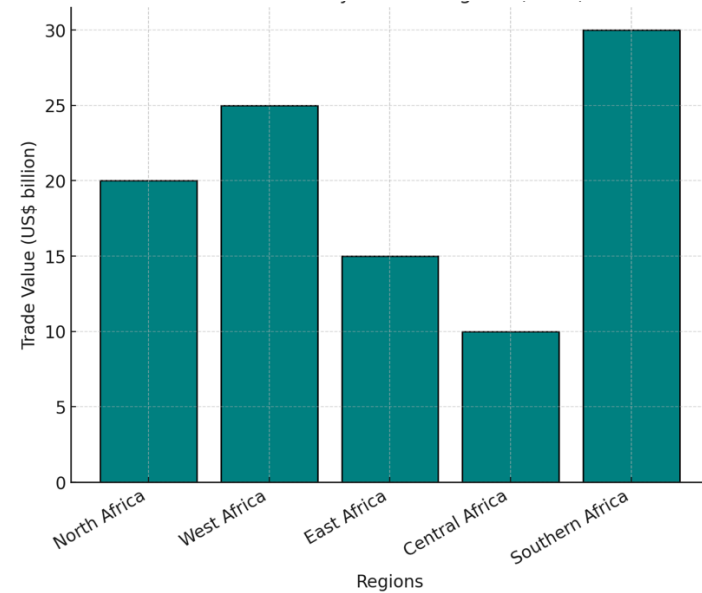


*Intra-Africa Trade - Top Traded Goods (2022)*      *Intra-Africa Trade – Top Importers (2022)*

# Trade Trends & Trade Dynamics in Africa: Analytical Insights - 3

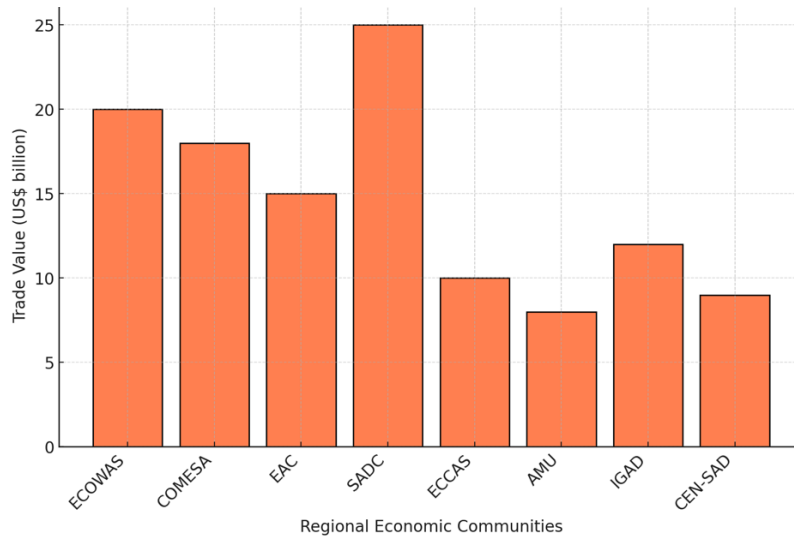


Intra-Africa Trade – Top Exporters (2022)



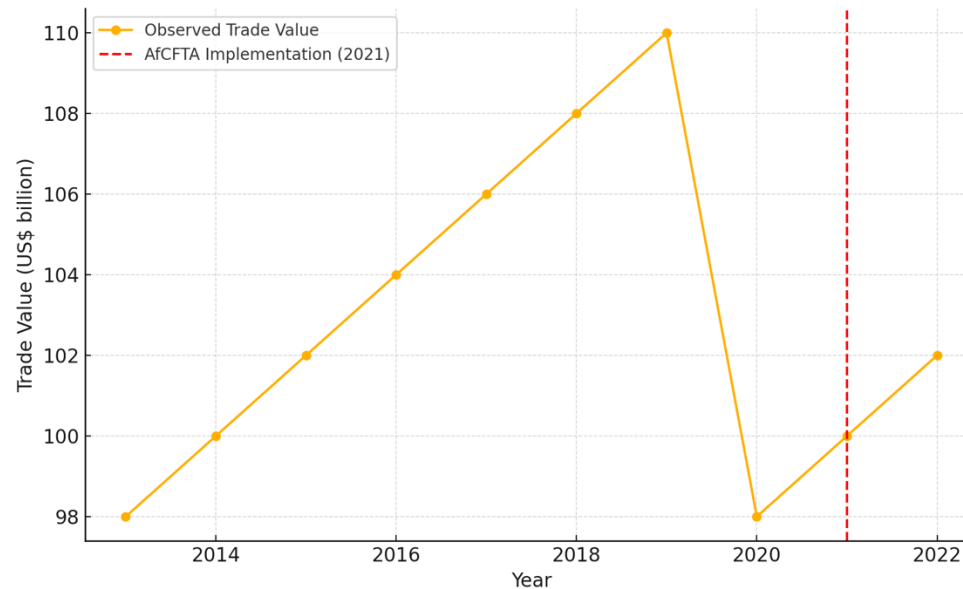
Trade Trends by African Regions (2022)

# Trade Trends & Trade Dynamics in Africa: Analytical Insights - 4

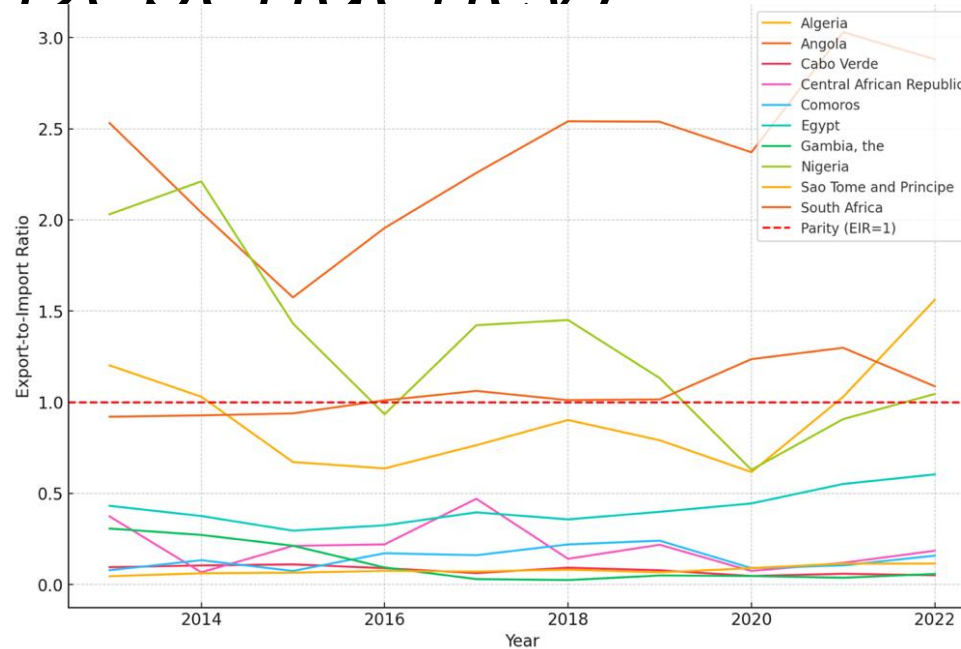


Trade by Regional Economic Communities (RECs) in Africa (2022)

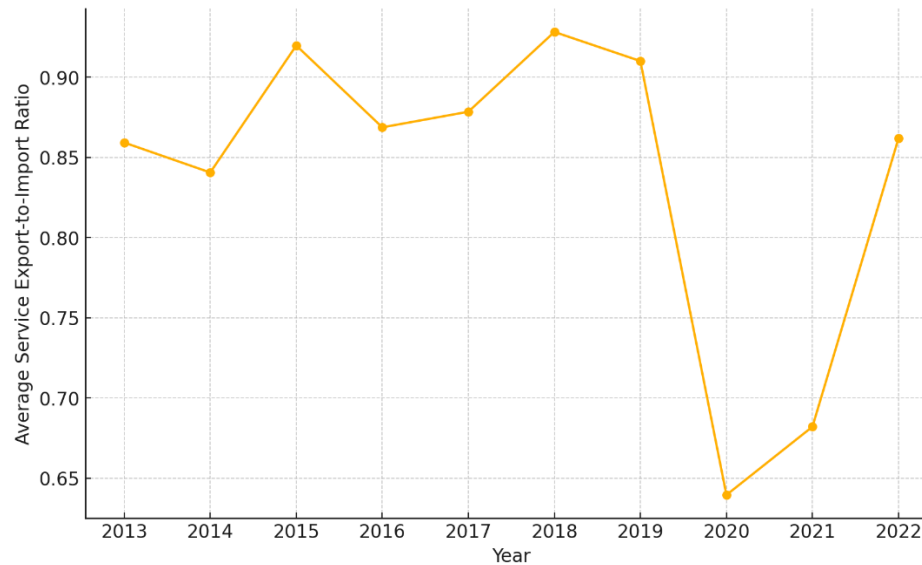
# Trade Value Before and After AfCFTA Implementation



# Export-to-Import Ratios Trends (Trade Dependence)



# *Service Export-to-Import Ratio Trends Over Time*





## Industrial Development Signals



Automotive assembly clusters in Ghana & Kenya attracted >US\$600 m new investment



Pharmaceutical hubs in Nigeria & Egypt scaling vaccine fill-and-finish capacity



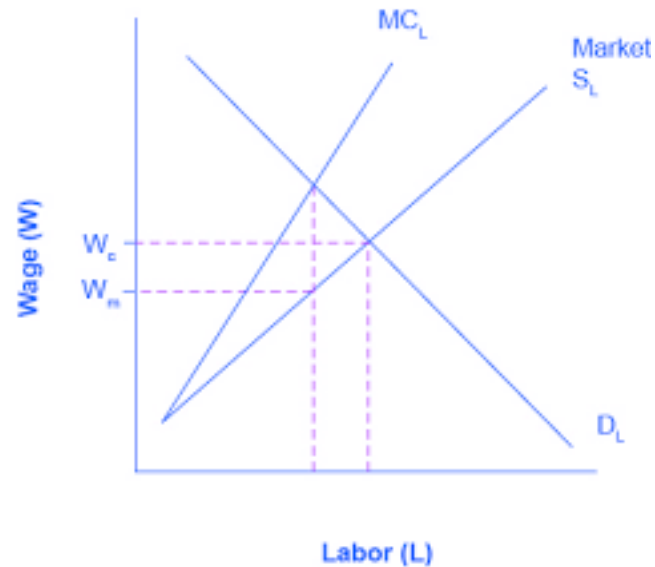
E-commerce turnover up 24 % between 2021-23; mobile money transactions +31 %



4IR skills demand rising: robotics, AI, blockchain for trade finance

# Labour Market Outcomes

- Net +2.3 m jobs (formal + informal) 2021-24 across 25 reporting states
- Youth employment share  $\uparrow$  1.8 pp in GTI participant countries
- Seven countries adopted new sectoral wage-setting frameworks linked to productivity
- Skills gaps persist in logistics & digital services  $\rightarrow$  call for targeted TVET investments



# Social Protection & Labour Rights

- Trade-linked fiscal space enabled Rwanda, Senegal to expand health insurance to 68 % & 62 % of population
- Labour rights violations persist: 11 states rated 'no guarantee' (ITUC Rights Index 2024)
- Need enforceable labour & social clauses within AfCFTA annexes & national plans



**Extending Social Protection**



## Regional Disparities & Bottlenecks



Central Africa: infrastructure shortfall of US\$38 bn/yr hampers trade flows

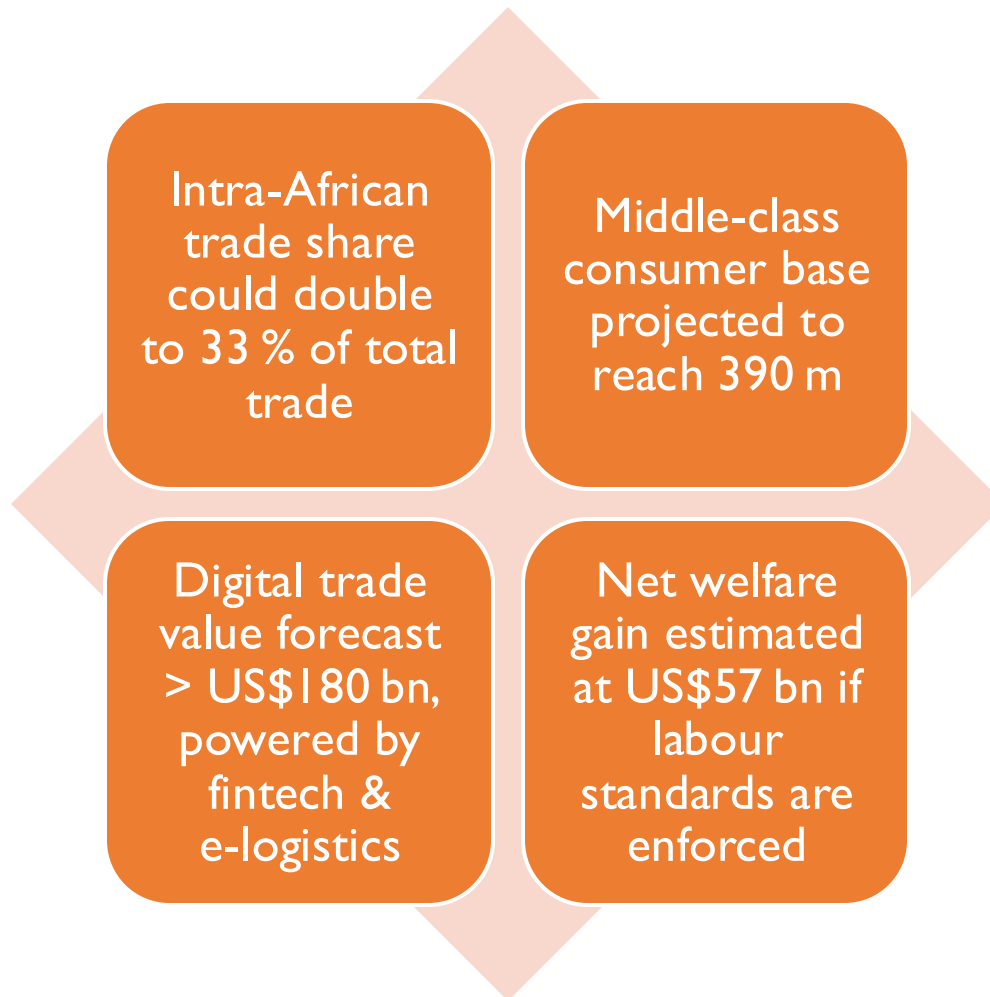


High logistics costs & limited digital connectivity constrain landlocked LDCs



Targeted corridor upgrades & REC-level capacity-building essential

## Looking Ahead to 2035



# Policy Recommendations – For Government

- Invest in Critical Infrastructure
  - Prioritise the development of transport corridors, energy systems, and digital connectivity to lower transaction costs and enable the seamless movement of goods, services, and people.
  - Facilitate regional industrial upgrading by supporting value addition and diversification in export sectors.
- Harmonise Trade and Customs Regulations
  - Streamline customs procedures and work towards the elimination of non-tariff barriers (NTBs) to create a predictable and efficient trade environment.
  - Adopt and implement harmonised standards (including technical, sanitary, and phytosanitary measures) that support intra-African trade.
- Integrate Labour Rights in Trade Policies
  - Ensure that labour standards and social protection measures are embedded within trade agreements and AfCFTA protocols to safeguard workers' rights.
  - Mandate the inclusion of trade union representatives on National Implementation Committees (NICs) for AfCFTA, ensuring that worker voices are part of decision-making processes.
- Implement Gender-Responsive and Inclusive Policies
  - Formulate policies that address the specific challenges faced by women, youth, and persons with disabilities, with a focus on formalising informal cross-border trade.
  - Support targeted skill development and capacity-building programmes that empower these groups to participate fully in the benefits of trade.
- Adopt Innovative Financing Mechanisms:
  - Leverage blended finance, public–private partnerships, and other innovative funding models to support the implementation of AfCFTA-related infrastructure and capacity projects.
  - Use fiscal instruments, such as tailored tax policies, to mitigate revenue losses from tariff liberalisation while ensuring sustainable economic growth.

# Policy Recommendations – For the AfCFTA Secretariat and the AU Department of Trade

- Embed Labour and Social Protection Provisions
  - Revise and update AfCFTA protocols—particularly those on investment, digital trade, and intellectual property—to include enforceable labour standards and social protection measures.
  - Establish clear, transparent dispute resolution mechanisms that address non-compliance with labour clauses.
- Enhance Stakeholder Engagement and Coordination
  - Organise regular town-hall meetings, public consultations, and regional forums to facilitate dialogue between government officials, trade unions, civil society, and other stakeholders.
  - Strengthen technical assistance programmes and capacity-building initiatives (in partnership with organisations like ITUC-Africa and the Finnish Ministry of Foreign Affairs) to support member states in implementing trade policies effectively.
- Promote Policy Harmonisation and Best Practices
  - Work with national governments to develop and disseminate best practice guidelines for the implementation of trade facilitation measures and labour standards across member states.
  - Foster inter-regional collaboration to address disparities in institutional capacities and infrastructural deficits, especially in Central and Northern Africa.
- Increase Transparency and Monitoring
  - Implement robust monitoring and evaluation systems to track progress on trade integration, the reduction of NTBs, and the impact on labour outcomes.
  - Regularly publish progress reports and facilitate independent reviews to ensure accountability in the implementation of AfCFTA measures.

# Policy Recommendations – For Trade Unions and Worker Organisations

- Build and Strengthen Internal Capacity
  - Invest in training and knowledge-sharing initiatives to improve union capacity in interpreting and engaging with complex trade policies and AfCFTA protocols.
  - Enhance expertise on labour rights, digital trade, and industrial policy to enable effective participation in policy dialogues.
- Advocate for Enforceable Labour Standards
  - Actively campaign for the inclusion of robust, enforceable labour provisions in trade agreements to protect workers from exploitation and insecure working conditions.
  - Use data and evidence from impact analyses to highlight disparities in wage growth, job quality, and social protections across different sectors.
- Mobilise and Represent Marginalised Groups
  - Prioritise the representation of women, youth, and persons with disabilities by forming alliances with civil society organisations, women's groups, and youth networks.
  - Advocate for the formalisation of workers in the informal sector and push for policies that create safer, more secure working environments.
- Engage in National and Regional Policy Platforms
  - Ensure active participation in National Implementation Committees and other policy platforms to contribute substantively to the formulation and revision of trade policies.
  - Leverage digital platforms and social media to disseminate information, mobilise grassroots support, and build transnational solidarity among workers.
- Foster Collaborative Partnerships
  - Collaborate with government representatives and regional bodies to ensure that trade policies are aligned with broader goals of sustainable development, decent work, and social justice.
  - Pursue strategic partnerships with international organisations and donor agencies to secure technical and financial support for capacity-building initiatives.



## Policy Recommendations – in brief

- Accelerate multimodal corridor, energy & digital infrastructure via blended finance
- Embed enforceable labour & social protection clauses in AfCFTA protocols & national plans
- Scale PAPSS & harmonise cross-border payment regulations to cut FX costs
- Strengthen REC–NIC coordination & real-time NTB monitoring dashboards
- Invest in green skills & climate-just transition strategies linked to trade

# Union Action Agenda

|           |  |
|-----------|--|
| Secure    | Secure labour seats on all NICs & REC trade committees                               |
| Negotiate | Negotiate sectoral wage floors tied to productivity & value-added gains              |
| Monitor   | Monitor NTB resolution impacts on job quality & supply-chain compliance              |
| Gender    | Champion gender-responsive trade & integrate youth-led enterprises into value chains |
| Advocate  | Advocate for climate-resilient trade policies & just-transition funding windows      |

## Key Take-aways

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AfCFTA is stimulating trade & jobs, but benefits remain uneven

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Infrastructure, rights enforcement & inclusive protocols are decisive for shared prosperity

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Trade unions are pivotal to turning market access into decent work & social dialogue

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Coordinated action now will lock in gains & mitigate emerging risks



**Thank you!**

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