

# Will African Agriculture Prosper or Perish under AfCFTA?

## Potential Impacts on Agriculture & Food Security

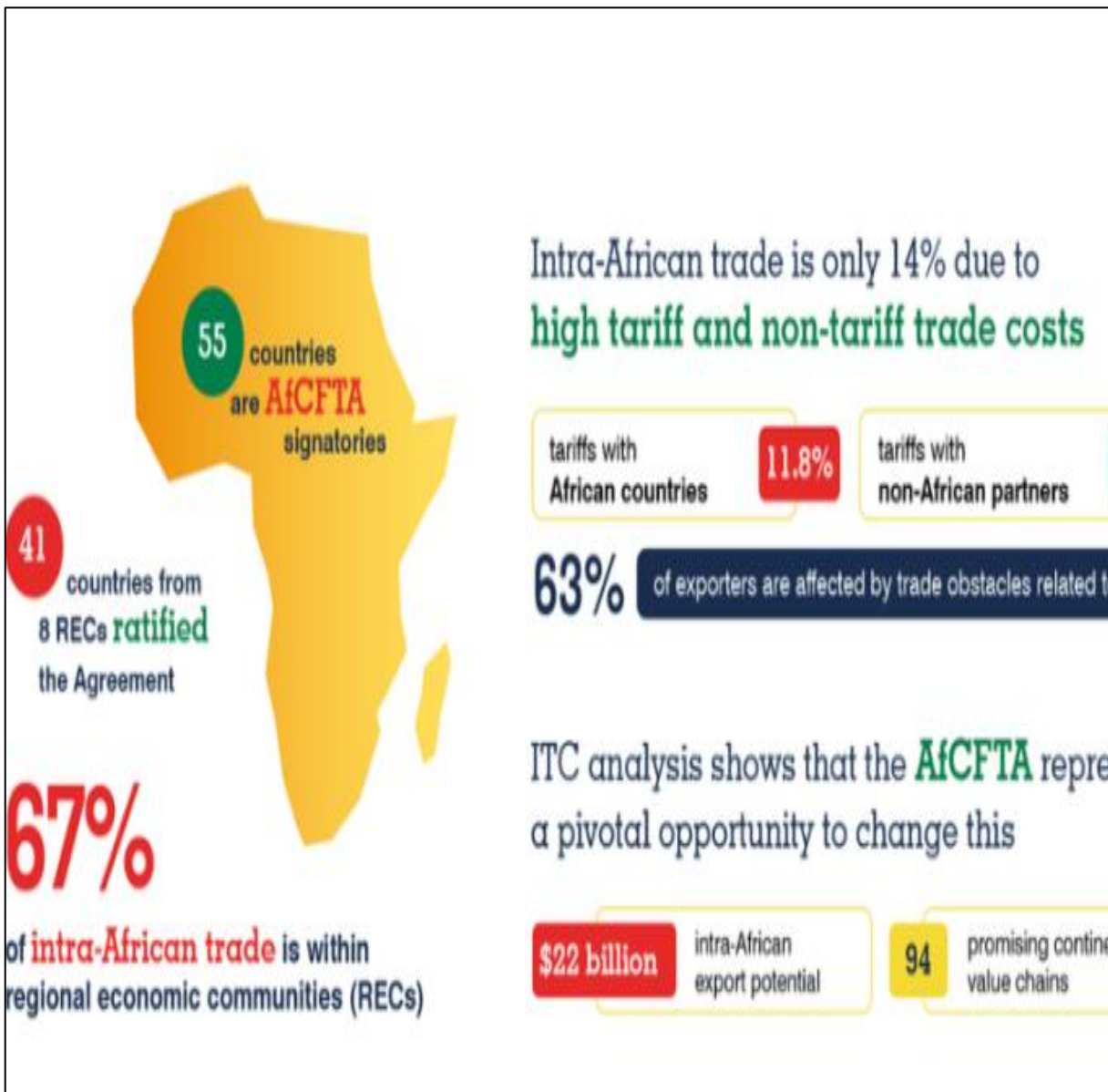
RENETH MANO

[rtmano@gmail.com](mailto:rtmano@gmail.com)

Cell: +263 77 305 6440

# Outline

1. Introduction: **Is Africa's poorest ready to Play Free Trade with the Wolves?**
2. Overview of AfCFTA – **What, Why, How, For Whom?**
3. Unpacking the AfCFTA Assumptions – **Trade Theory Assertions and Limitations**
4. The African Agricultural Production and Food Security Challenges
5. Prospects for Smallholder Farmers to PROSPER with AfCFTA: **EEC Lessons**
6. Prospects for Smallholder Farmers to PERISH under AfCFTA: **EPA-AGOA lessons**
7. Conclusions and Recommendations Best way to cushion Smallholder Farmers  
-



[https://www.sundaymail.co.zw/many-big-firms-not-ready-for-afcfta-opportunities#google\\_vignette](https://www.sundaymail.co.zw/many-big-firms-not-ready-for-afcfta-opportunities#google_vignette)



<https://grain.org/en/article/7044-afcfta-more-free-trade-for-whose-benefit>

# RCEP: Asia-Pacific Forms World's Largest Trade Bloc

Total 2019 GDP of member countries  
of selected regional free trade agreements



\$24.37tr

United States–  
Mexico–Canada  
Agreement

\$18.85tr

European  
Economic Area

\$25.84tr

Regional Comprehensive  
Economic Partnership

Source: World Bank





# Overview of AfCFTA

AfCFTA is an AU Vision 2063 initiative whose vision is to bring together 55 member states of AU and 8 RECs to create ONE single free trade market.

- 47 of 55 countries ratified (February 2024)
- 1.3 billion people connected into one market
- 3.4 trillion USD combined GDP of members.
- 30m out of 429m people expected to be lifted out of extreme poverty by 2035 through AfCFTA

## AfCFTA Commencement of Operation

- => May 30, 2019 with 24<sup>th</sup> member ratification
- ⇒ 2021 trading commenced for members
- ⇒ January 2024 – 12 members trading under Guided Trading Initiative as a trial of all protocols



# Protocol on Trade in Goods & Services – Objectives

1. Create a single market for trade in goods and services facilitated by movement of people to deepen economic integration in line with Vision 2063
2. Create a liberalized market through rounds of negotiations
3. Contribute to free movement of capital and people to facilitate investments in member countries and RECs
4. Establish the foundation for establishing a continental Customs Union
5. Promote and sustain inclusive socioeconomic development, gender equality and structural transformation of member states
6. Enhance competitiveness of member countries
- 7. Promote industrial growth, diversification, VC development and agricultural development and food security**
8. Resolve the challenge of overlapping members and facilitate integration

# TRADE THEORY ASSERTIONS AND LIMITATIONS

## Missing Prerequisites for Growth with Equity & Food Security



GeoPard Agriculture

### Did you know ...

European agriculture supports over 22 million farms.

Agriculture contributed 1.4% to the EU's GDP in 2022.

According to the European Commission, agriculture and food related industries and services provide over 44 million jobs in the EU.

# UNPACKING AfCFTA - Agreed Modalities for Removing Tariff Protection of Domestic Industries

	NON LDC	LDC	TIMEFRAME- NON LDC	TIMEFRAME -LDC
<b>Level of Ambition CAT A</b>	<b>90% (4500 goods)</b>	<b>90% (4500 goods)</b>	<b>5 YEARS</b>	<b>10 YEARS</b>
Sensitive Products CAT B	7% Subject to notification & ratification Negotiations method: Request & Offer	7% Subject to negotiations; Method of negotiations is Request & Offer	10 YEARS	13 YEARS
<b>Exclusion List CAT C</b>	<b>3%</b> <b>Review after 5 years</b> <b>Subject to negotiation</b> <b>Subject to anti-concentration clause</b>	<b>3%</b> <b>Review after 5 years</b> <b>Subject to negotiation</b> <b>Subject to anti-concentration clause</b>		

TRANSITION PERIOD: Tariff phase down shall be in Equal Instalment ie linear approach

SUPPLEMENTARY MODALITY : Members states may complement the linear approach with request and offer approach

VARIABLE GEOMETRY:

Member states who wish to make deeper cuts within a shorter time period may do so on the basis of reciprocity



# Under AfCFTA, extreme poverty would decline across the continent—with the biggest improvements in countries with currently high poverty rates. (World Bank Report)

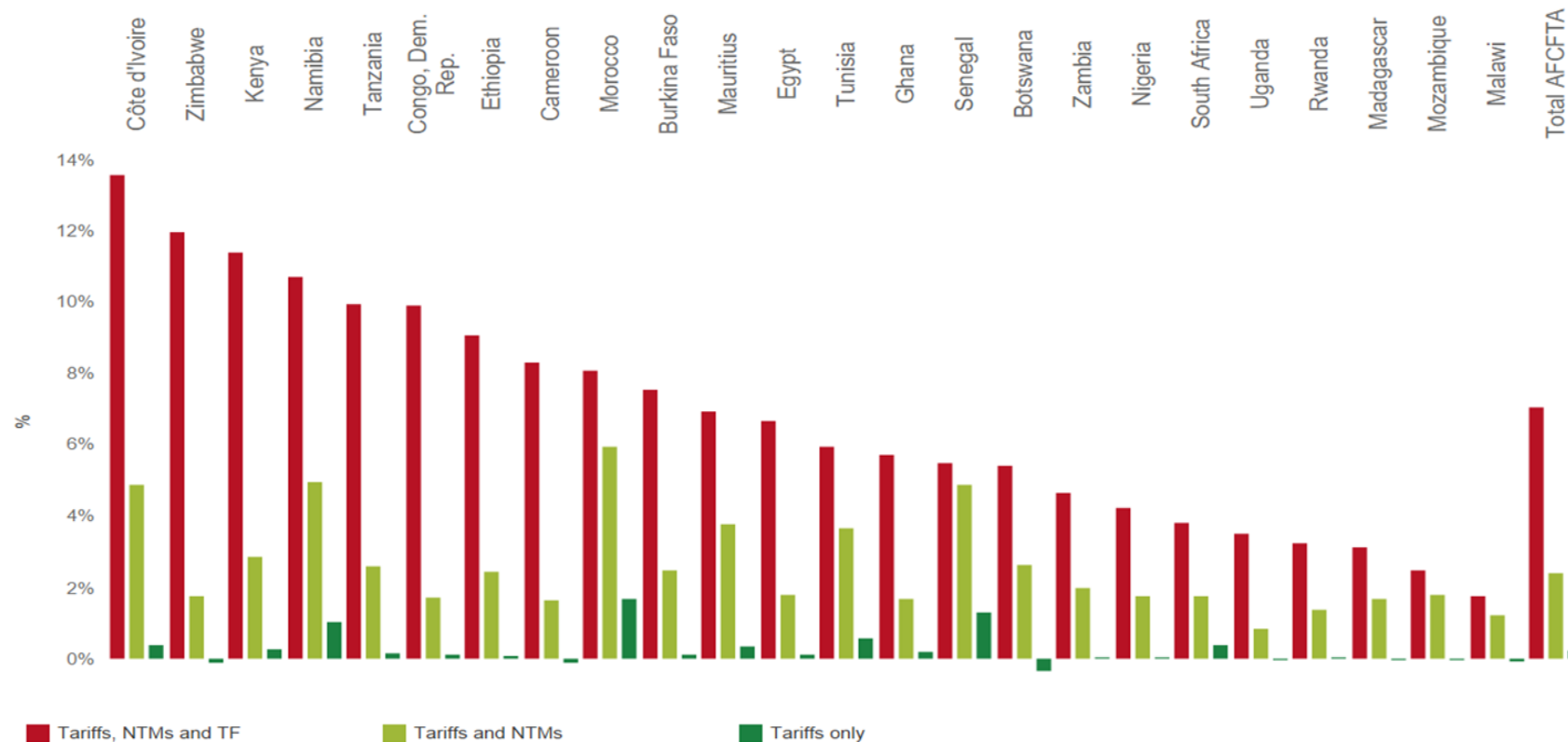
- West Africa would see the biggest decline in the number of people living in extreme poverty—a decline of 12 million (more than a third of the total for all of Africa).
- Central Africa would see a decline of 9.3 million.
- Eastern Africa would see a decline of 4.8 million.
- Southern Africa would see a decline of 3.9 million.
- Countries with the highest initial poverty rates, would see the biggest declines in poverty rates.
- In Guinea-Bissau, the rate would decline from 37.9 percent to 27.7 percent
- In Mali, the rate would decline from 14.4 percent to 6.8 percent.
- In Togo, it would decline from 24.1 percent to 16.9 percent.

# WHY AfCFTA?

- AfCFTA = Access to African market of 1.35 billion people in 55 countries
- AfCFTA = Removal of tariffs and duty-free access to goods from 55 countries
- AfCFTA = Opening new opportunities for investments in any African country
- AfCFTA = Promoting industrialization and Employment creation: Where?
- AfCFTA = New export markets for firms in SADC/COMESA targeting rest of Africa
- AfCFTA = Promotes pan-African infrastructure-led growth and development for
- AfCFTA = Drive manufacturing-led growth and development

## Income gains due to AfCFTA in 2035

by country, % change with respect to baseline scenario .

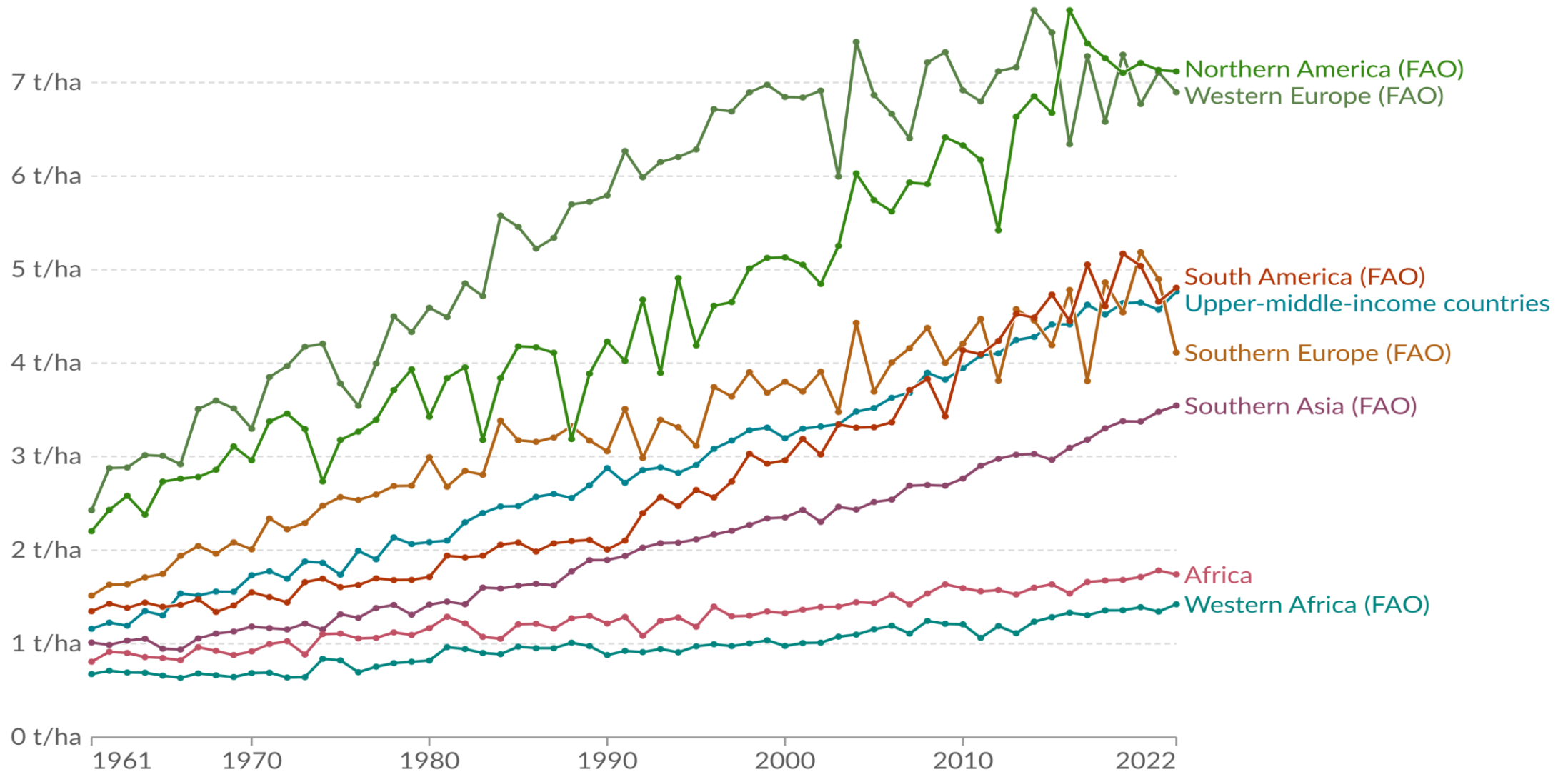


Notes: 1) NTMs stands for Non-tariff measures, and TF stands for trade facilitation. 2) The graph shows % changes with respect to the baseline scenario in 2035. The baseline scenario does not have policy interventions, such as tariffs, NTMs, and trade facilitation measures.

**Disclaimer:** The numbers reflected on these Tables and Dashboards do not represent the official statistics of any country or the World Bank position on these aspects, unless otherwise specified. This visualization was generated exclusively for training purposes.

# Cereal yield, 1961 to 2022

Yield is measured as the quantity produced per unit area of land used to grow it.



Data source: UN Food and Agriculture Organization (FAO)

Note: Cereals include wheat, rice, maize, barley, oats, rye, millet, sorghum, buckwheat, and mixed grains.

# Can AfCFTA Drive African Agriculture-Led Growth by Closing Farm Productivity Gap?

- **Require nation-specific policy solutions to PRODUCTIVITY CONSTRAINTS than FTA: Appropriate yield-increasing technologies, liberalization of inputs & grain markets**
  - ⇒ Returns on investment highest in African agricultural production projects .
  - ⇒ Low cereal productivity => limited working capital to buy fertilizers , hybrid seeds
  - ⇒ Provision of affordable financing for farmers => use of more fertilizer, hybrid seeds
  - ⇒ Africa's fertilizer consumption 20 kg/HA versus 140 kg/HA
  - ⇒ Bridging the 120kg/HA gap requires \$16 billion/year @ \$600/MT
  - ⇒ Closing Africa/SE Asia cereal productivity gap => African cereal output grows by 214 million MT or US\$46billion/year (constant 2019 cereal prices) or 17% of African agricultural GDP (\$315 billion in 2020).
  - ⇒ Closing Africa cereal yield gap with the world average would => adds 294 million MT cereals worth \$64 billion/year or 30 percent of agricultural GDP.<sup>59</sup>



# CONCLUSIONS

- African agriculture and food system is grossly underdeveloped
- Smallholder farmers are NOT ready for free trade
- Malabo Declaration – Concerted AfCFTA coordinated investment in the drivers of agricultural development to sustain optimal agricultural growth and food security
- Absence of AfCFTA protection against cheap food imports entering the African single market is BIG THREAT to African food sovereignty and food self sufficiency
- WHAT CAN BE DONE to cushion African farmers from FTA – Political pressure to
  - (a) Delay submissions of tariff reduction proposals to AfCFTA until safeguard measures are built into proposals
  - (b) Delay Parliamentary gazetting of approved tariff reduction proposals into law until MPs have inserted measures to protect national agricultural and food security from premature exposure to FREE TRADE risks
  - (c) Experience from SADC FTA – poorer countries rushed to ratify but delayed harmful tariff reduction targets to this day
  - (d) There is need for AfCFTA to have a separate protocol on protecting African regional and national food system, food security and African food sovereignty from potential free trade harm