



**AfCFTA**  
**Official Launch of**  
**the African Continental Free Trade Area**  
**a new market of 1.2 billion consumers**

After the entry into force of the agreement establishing the African Continental Free Trade Area (AfCFTA) on May 30<sup>th</sup>, 2019, Nigeria, Africa's leading economy, signed said agreement on this July 7<sup>th</sup>. This accession granted the agreement a greater reach, leaving Eritrea the only African country not to be part of this trading bloc. Also, as a result of the last extraordinary summit of the African Union, it was decided that the headquarters and permanent secretariat of AfCFTA would be in Accra, Ghana.

The AfCFTA will thus reach more than 1.2 billion consumers (more than 2.5 billion in 2050) and it represents a decisive step for the economic and political integration of the African continent. Its primary effect shall be to reduce and eliminate tariffs, resulting in an increase of 1 to 3% of the GDP of African member countries of the AfCFTA.

The implementation of this agreement is expected to also greatly increase the intra-African trade of around 50% by 2022 compared to its current volume (17%). AfCFTA is expected to consolidate the benefits existing in several free trade zones on the African continent, including ECOWAS, EAC, SADC and COMESA which contribution to the growth of intra-African trade remains somewhat limited.

The practical aspects of the implementation of AfCFTA will nonetheless be subject to number of economic challenges: low diversifications, weak industrialization, inequalities and corruption ; to these are added structural ones: weak infrastructures (railways, roads...) and excessive bureaucracy within local administrations.

This AfCFTA should be seen as a key opportunity by for foreign companies investing in Africa in view of the needs of the local market.

Its impact should be amplified by the recent WTO agreement on trade facilitation.

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**DS Customs & Trade team is at your disposal to provide you with any additional information.**

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