



United Nations
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Synergies in trade negotiations at the multilateral and regional level

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Objectives of the AfCFTA vs. WTO

- The World Trade Organization's (WTO) has a goal of liberalizing multilateral trade
- The main objective of the AfCFTA are to create a single continental market– with free movement of business people and investments

Cost of WTO accession Vs. AfCFTA or other RTA negotiations.

- The WTO accession process is complex and time consuming compared to the AfCFTA or other REC negotiations.
- The WTO accession process under Article XII of the Marrakesh Agreement remains relatively vague.
- The increase in membership rules has caused the accession process to evolve into a time-consuming and complex negotiation.

Cost of WTO accession Vs. AfCFTA or other RTA negotiations.....

- WTO applicants are required to adopt two types of accession measures:
- WTO-plus obligations: These are commitments in a variety of areas not contemplated under the Multilateral Agreements.
- WTO-minus obligations: These are commitments contemplated under the Agreements, but are more stringent in nature.

Cost of WTO accession Vs. AfCFTA or other RTA negotiations.....

- The challenge for African member countries is that they have limited resources and limited analytical capacities required for complex accession negotiations.
- For example in Eastern Africa the GTAP CGE data base used for trade analysis covers only 6 out of the 14 countries.
- We don't have sufficient data on services trade.

Benefits of the WTO VS AfCFTA(RTAs)

- What is the impact of these agreements on structural transformation in Africa?
- The benefits of the WTO have been mixed, with positive benefits for overall trade however the benefits are skewed away from the African Industrial sector (which is critical for structural transformation).
- The benefits of African regional trade agreements and the AfCFTA are generally positive and skewed towards the industrial sector

Benefits of the WTO VS AfCFTA(RTAs).....

- To highlight these differences, I analysed the impact of African regional trade agreements (RTAs) and the WTO on manufactured exports in Africa.
- I used the structural gravity model for the period 1990-2015 and manufacturing exports from 48 African countries to rest of the world

Effects of Regional Trade Agreements Vs WTO on African Manufacturing using a gravity model

	(1)	(2)
	OLS	PPML
log Distance	-1.672**	-1.174**
Common border	1.691**	0.697**
Common language	0.870**	0.441**
Common Colony	1.429**	1.432**
RTA	0.933**	1.147**
WTO	0.366*	0.634
Number of Obs	59618	62760
R-squared	0.628	0.824

Effects of Regional Trade Agreements Vs WTO on African Manufacturing using a gravity model.....

- The results of the OLS model show that the African RTAs(EAC, COMESA, ECOWAS, SADC) increased manufacturing exports by 154% while the WTO increased manufacturing exports by 45%
- The results of the PPML (controls for bias) show that the African RTAs increased manufacturing exports by 215% while the WTO had no effect on manufacturing exports in Africa.
- Likewise the results of the AFCFTA analysis using CGE model and PE models show that the manufacturing sector will be a key beneficiary

Key take away

- The WTO and AfCFTA are Complimentary
- The WTO is critical because Africa mainly trades with countries outside of Africa
- The AfCFTA is critical for Industrialisation in Africa

What are some synergies between the WTO and AfCFTA trade negotiations?

- The WTO has provided African countries with capacity building programs that have been important for AfCFTA negotiations.
- Implementation of the WTO trade facilitation agreement can help lower the costs of doing business in the AfCFTA
- Collaboration on data collection and analytical capabilities of member states