

AFRICAN CONTINENTAL FREE TRADE AREA SECRETARIAT

Creating One African Market



UPDATE ON THE AfCFTA IMPLEMENTATION AND AUTOMOTIVES PACKAGE



Fact sheet on AfCFTA:

- Agreement entered into force in May 2019
- 54 out of 55 signatures
- 47 State parties
- 92.3% of tariff lines – agreed rules of origin
- Phase I protocols: trade in goods, trade in services and dispute settlements
- Phase II protocols: investment, IPR, competition, (*digital trade & women and youth in trade – outstanding*)
- Organs of the AfCFTA: Committees (goods, services & subcommittees), Dispute Settlement Body + Appellate Body, Committee of Senior Trade Officials and Council of Ministers.



Operational Instruments

- Pan-African Payments and Settlements System (PAPSS)
- Adjustment Facility (Base, General & Credit)
- E-Tariff Book
- Rules of Origin manual
- Intra-Africa Trade Fair (IATF)
- AfCFTA Business Forum
- Guided Trade Initiative



Background on the AfCFTA Autos Package

- Ministerial Retreats considered a value chain development path and implications for RoO.
- CoM mandated the Secretary General to work with the African Union Commission, African Association of Automotive Manufacturers and AfreximBank to develop an African Automotive Manufacturing Strategy that encapsulates the action plan, RoO and finance package.
- AfCFTA Automotive Package presented in July 2022 and the time for further consultations was given by CoM.
- February 2023 CoM launched the strategy as a living document and approved the establishment of the Autos Task Force



Elements of the Package

- Finalisation of the Rules of Origin (immediate)
 - Chapter rule (87) agreed at 60% VNOM
 - 8702 agreed at 60% VNOM
 - 8709 agreed at 65% VNOM
- Harmonisation of standards (mid-term)
 - ARSO to lead on behalf of the Task Force
- Challenge of imported second-hand vehicles (mid-term)
 - Strategy proposed 50% reduction by 2035
- Autos Common External Tariff (long-term)
 - An effective instrument when AfCFTA reaches the stage of a customs union

Elements of the Package con't

(implementation structures)



- Africa Automotive Task Force (immediate)
 - First meeting took place on the 26th of October 2023
 - Considered its terms of reference
- Regional value chain development (immediate)
 - Continental study on component manufacturing opportunities done with the support of Afreximbank
- Continental trade administration and procurement localization (mid-term)
 - Task Force to make proposals for local sourcing to support production hubs
 - To be supported through cumulation rule as provided for in the agreement
- Specialized autos financing
 - \$1B Facility already committed by AfreximBank
- National programme harmonization (mid-term)
 - National automotive policies being reviewed or developed



THE END