

# TRADE UNIONS AND TRADE

A Guide to the AfCFTA  
Protocol on Trade in Goods



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Ministry for Foreign  
Affairs of Finland

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**LRS** Labour  
Research  
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# LRS Labour Research Service

Knowledge is too important to leave  
in the hands of the bosses

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# Table of Contents



<b>TABLE OF CONTENTS.....</b>	<b>1</b>
<b>LIST OF FIGURES.....</b>	<b>3</b>
<b>LIST OF ABBREVIATIONS.....</b>	<b>4</b>
<b>1. INTRODUCTION.....</b>	<b>7</b>
<b>2. PROTOCOL ON TRADE IN GOODS: AN OVERVIEW.....</b>	<b>8</b>
What is the Objective of the Protocol?.....	8
Are there any Labour Provisions in the Protocol?.....	8
What is the Status of the Protocol?.....	8
Why Should Trade unions be Concerned with the Protocol?.....	9
Who are the Stakeholders Involved?.....	11
<b>3. THE ROLE OF TRADE unions.....</b>	<b>12</b>
How Can Trade unions Influence the Protocol on Goods?.....	12
What Questions Should Trade unions Ask?.....	14
What Could the Integration of Labour into the Protocol Look Like?.....	14
<b>4. CLASSIFYING COUNTRIES UNDER THE AfCFTA.....</b>	<b>16</b>
Is Your Country a Least Developed Country Under the AfCFTA?.....	17
Is Your Country One of the Group of Six?.....	17
<b>5. TRADE LIBERALISATION UNDER THE AfCFTA.....</b>	<b>18</b>
What is the Difference Between a Free Trade agreement (FTA) and a Customs Union?.....	18
How does the AfCFTA Impact Existing Trade Agreements?.....	20
What is the Difference between Tariff and Non-Tariff Barriers?.....	20
How are Tariffs Managed within the AfCFTA?.....	21
Removing Tariffs Under the AfCFTA?.....	21
<b>6. RULES OF ORIGIN AND THE AfCFTA.....</b>	<b>24</b>
Why are Rules of Origin Important?.....	25
How are Rules of Origin Reflected in the AfCFTA?.....	25
<b>7. CONCLUSION.....</b>	<b>26</b>



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# List of Figures

<b>Figure 1:</b> The Agriculture Sector Before and After Trade Liberalisation.....	10
<b>Figure 2:</b> AfCFTA Committee on Trade in Goods.....	11
<b>Figure 3:</b> Free Trade Agreements and Customs unions.....	19
<b>Figure 4:</b> The Timeline for Trade Liberalisation.....	23

## LIST OF ABBREVIATIONS

<b>AfCFTA</b>	African Continental Free Trade Area
<b>AU</b>	African Union
<b>CTH</b>	Change in Tariff Classification
<b>EAC</b>	East African Community
<b>EU</b>	European Union
<b>FTA</b>	Free Trade agreement
<b>GDP</b>	Gross Domestic Product
<b>HS</b>	Harmonised System
<b>ILO</b>	International Labour Organisation
<b>ITUC-Africa</b>	African Regional Organisation of the International Trade Union Confederation
<b>LDC</b>	Least Developed Countries
<b>LRS</b>	Labour Research Service
<b>MFN</b>	Most Favoured Nation
<b>NAFTA</b>	North American Free Trade agreement
<b>NTB</b>	Non -Tariff Barriers
<b>REC</b>	Regional Economic Communities
<b>RoO</b>	Rules of Origin
<b>RVC</b>	Regional Value Content
<b>SASK</b>	Trade Union Solidarity Centre of Finland
<b>SEZ</b>	Special Economic Zone
<b>SME</b>	Small and Medium Enterprises
<b>TRALAC</b>	Trade Law Centre NPC
<b>TUC</b>	The Trades Union Congress
<b>WTO</b>	World Trade Organisation







The African Continental Free Trade Area (AfCFTA) is a continent-wide agreement designed to liberalise trade within the African Union. It was ratified by 54 of the 55 African Union member states and came into effect on 1 January 2021, despite outstanding negotiations. From a population perspective, the AfCFTA represents the largest free trade area in the world.

The AfCFTA is expected to support a single African market for goods and services, enable the free movement of people, mobilise investment and build towards the establishment of a Continental Customs Union. At the same time, there is no certainty that the agreement will support Africa's aspirations for economic transformation, development and integration. There is also a total absence of labour provisions, which places workers at further risk of job loss and exploitation.

***Despite coming into effect in 2021, it is still not possible to trade under the AfCFTA as the negotiations on tariffs and rules of origin are not complete.***





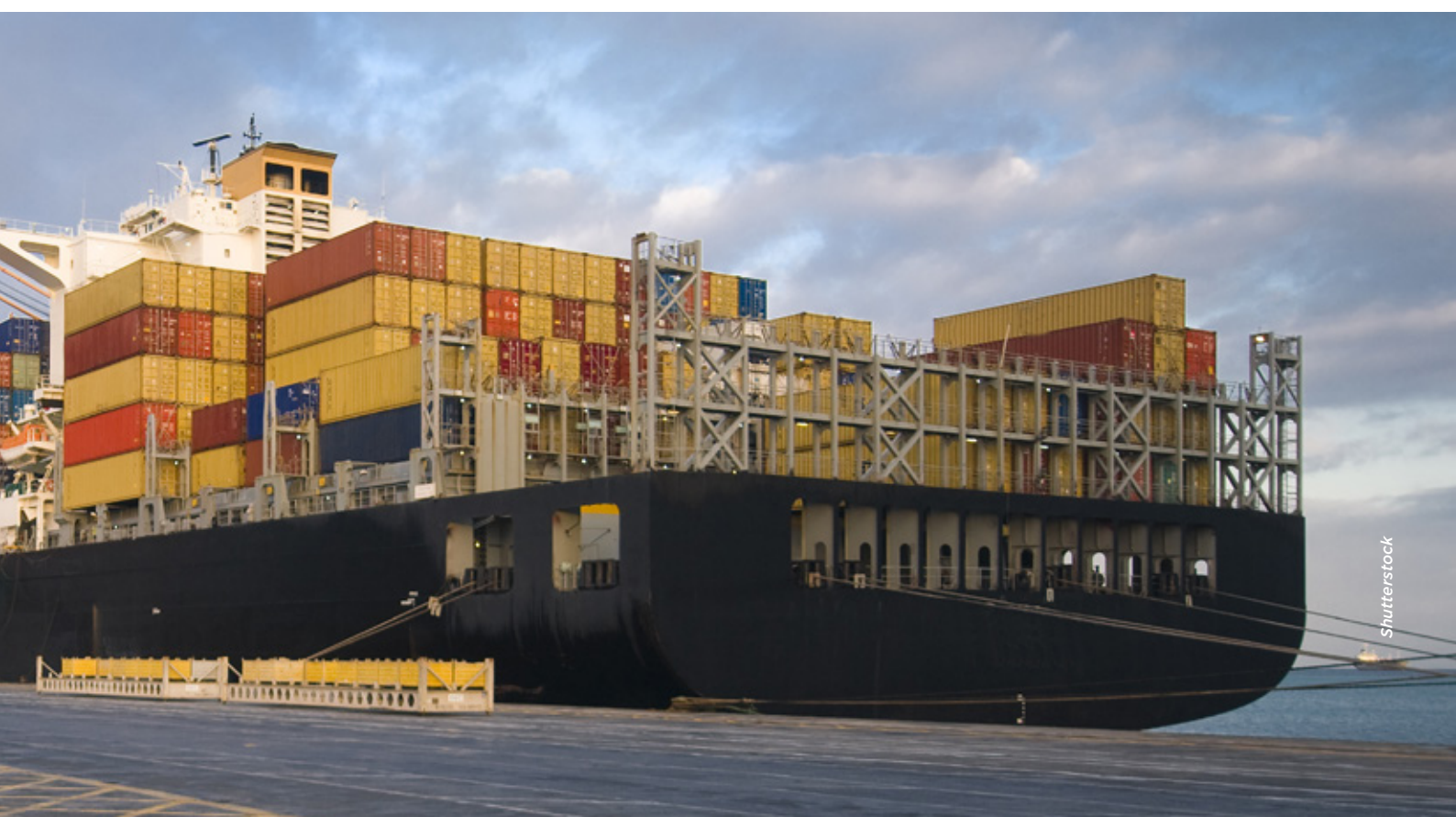
# 1. INTRODUCTION

The AfCFTA is given effect through nine protocols, which set out the rules, terms, and procedures for each specific area of the Agreement. The first protocol, the Protocol on Trade in Goods, came into effect on 30 May 2020, despite ongoing negotiations on two critical elements, Tariff Schedules and Rules of Origin (RoO). These Annexures have a direct bearing on labour and the Decent Work Agenda and their negotiation provides further opportunity for trade unions to influence the Agreement.

The Protocol on Trade in Goods evolves around the trade of physical goods and the requirements to liberalise their movements throughout the African Union. It speaks directly to the removal of both financial (tariff-barriers) and non-financial trade barriers (Non-Tariff Barriers (NTB)). It also includes complicated classifications around Least Developed Countries (LDCs), Rules of Origin

(RoO), tariff schedules and sensitive goods, all of which are key to stakeholder understanding. This Guide was developed by the African Regional Organisation of the International Trade Union Confederation (ITUC-Africa) and the Labour Research Service (LRS) with support from the Union Solidarity Centre of Finland (SASK). It is designed to help trade unions better understand the Protocol on Trade in Goods.

The Guide provides an overview of the Protocol on Trade in Goods and identifies areas of caution and opportunity for trade unions. The aim is to assist trade unions in their advocacy and campaign work as representatives of the working class in Africa. Finally, the Guide seeks to support the integration of the Decent Work Agenda, which places decent work at the heart of all policies for sustainable and inclusive development.



## 2. PROTOCOL ON TRADE IN GOODS: AN OVERVIEW

### *What is the Objective of the Protocol?*

The Protocol seeks to create a liberalised market for the trade of goods in line with Article 3 of the AfCFTA. Once complete, it will make provisions to ensure there are clear and transparent criteria for preferential treatment under the Agreement.

***The Protocol aims to boost intra-African trade in goods by removing financial and non-financial barriers, improving cooperation, and developing continental value chains.***

The objective of the Protocol is to boost intra-African trade in goods through:

- progressive elimination of non-tariff barriers
- enhanced efficiency of customs procedures, trade facilitation and transit
- enhanced cooperation in the areas of technical barriers to trade and sanitary and phytosanitary measures
- development and promotion of regional and continental value chains, and
- enhanced socio-economic development, diversification and industrialisation across Africa

### *Are there any Labour Provisions in the Protocol?*

No, **the Protocol on Trade in Goods does not make any reference or provision for labour.**

This is problematic, given the direct link between labour and the production and trade of goods and the impact of trade liberalisation on workers.

By not mentioning labour, the Protocol is consistent with the AfCFTA overall. This creates a challenge for trade unions, who need to understand the Protocol as is, as well as the opportunity for further negotiation.

### *What is the Status of the Protocol?*

The Protocol on Trade in Goods comprises of nine annexures, of which the following seven are complete:

- Customs Co-Operation and Mutual Administrative Assistance
- Trade Facilitation
- Non-Tariff Barriers
- Technical Barriers to Trade
- Sanitary and Phytosanitary Measures
- Transit
- Trade Remedies

This Guide focuses on the two outstanding annexures, Tariff Schedules and Rules of Origin (RoO), which are under negotiation and thus more open to influence from trade unions. Other annexures with a notable impact on labour include:

**Annex 5: Non-Tariff Barriers** – This Annexure set out protocols for the elimination of non-tariff barriers to trade, which may include laws, regulations, policies, restrictions, labelling requirements, private sector business practices and prohibitions. In some cases, these barriers protect local businesses, labour and consumers, for



instance, through the establishment of safety and security measures. However, in other instances, barriers such as complicated border crossings drive up the cost of doing business in Africa.

Although Annex 5 is concluded, what is most important is how it will be implemented. Because non-tariff barriers can be both obstructive and protective, it is important that trade unions monitor this process to ensure that while trade is being promoted, workers are also protected.

#### **Annex 6: Sanitary and Phytosanitary Measures**

- This Annexure should be noted by trade unions as it has a direct bearing on the health and safety of workers and communities. According to the African Union (AU) (2018B: 2), government has an important role in these measures:

*“State Parties shall, in responding to market access requests, ensure that their sanitary or phytosanitary measures are based on an assessment, as appropriate, of the circumstances of the risks to human, animal or plant life or health taking into account risk assessment techniques developed by the relevant international organisations”.*

**Annex 9: Trade Remedies** - This Annexure deals with trade remedies, defined as actions taken to protect domestic industries against damage caused by unfair trade practices or an unforeseen surge in imports. These include:

- **Anti-Dumping:** The import of products at less than normal value as determined through the ordinary course of trade.
- **Safeguards:** Measures taken against the import of goods in such increased quantities and under such conditions that it causes serious harm to local competitors.
- **Countervailing:** Measures taken to address the unfair advantage given to importers who benefit from domestic subsidies, leading to unfair competition with domestic producers.

#### **Why should Trade unions be Concerned with the Protocol?**

The removal of trade barriers can have serious consequences for labour, impacting jobs, worker protection, social security and union rights. It is important for trade unions to understand these

pitfalls so they can prepare for implementation of the AfCFTA, participate in negotiations, and assist in enforcing labour protections.

One of the key pitfalls of trade liberalisation is the risk of outsourcing and job loss. When tariffs and other barriers are removed, companies have the incentive to move production to places with the lowest cost. Jobs are then transferred from countries with higher wages and better labour protections to countries with a lower cost of production. This can trigger what is called a ‘race to the bottom’, where countries try to out-compete one another by lowering regulations and labour protection.

#### **The Impact on Agriculture Workers**

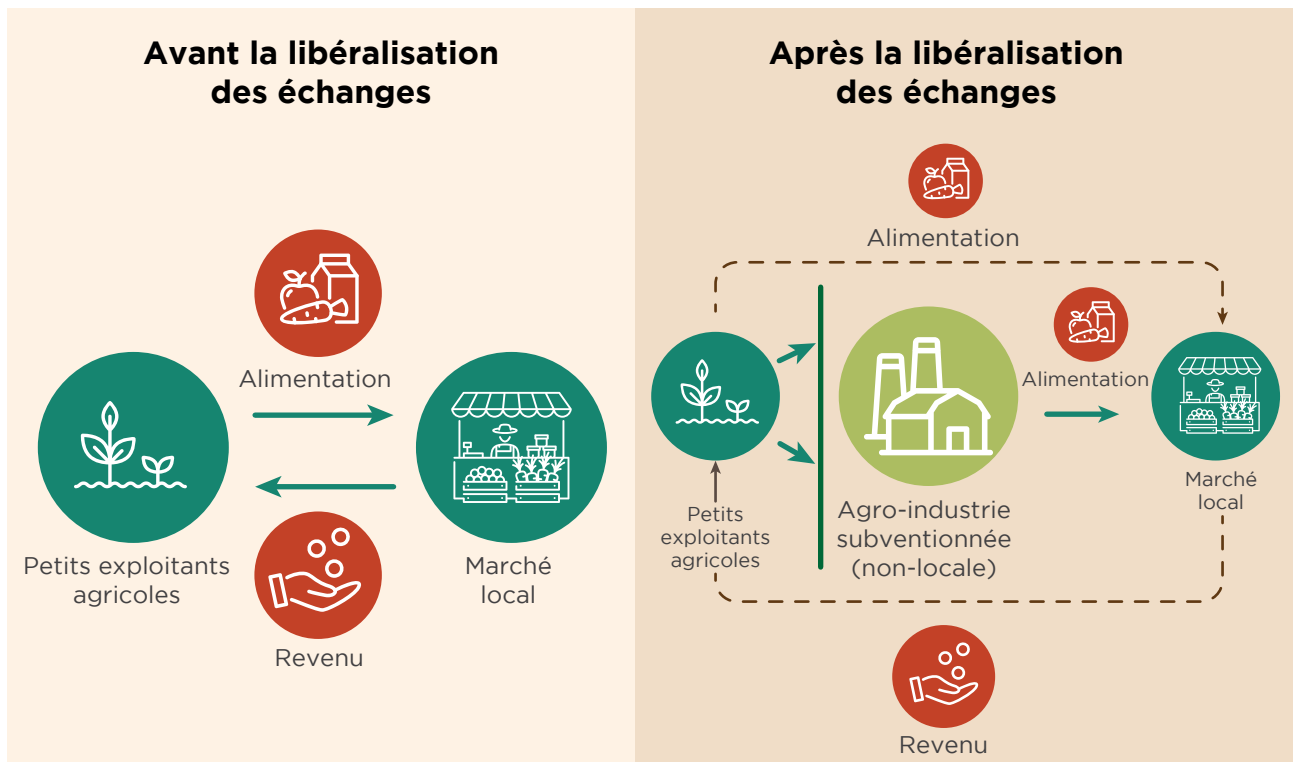
The risk of job loss because of the AfCFTA is especially high in the agriculture sector, which employs roughly 50% of Africa’s workforce. A report by the World Bank shows that, although jobs in agriculture will increase in some countries, others will suffer severe losses (WBG, 2020). This redistribution of labour is expected to hurt the most vulnerable workers, including those who have fewer skills and live in less-developed countries. These losses will also have a serious impact on women, who account for nearly half of Africa’s agriculture workforce (Gathii et al., 2017).



The following diagram illustrates how the market for agricultural goods looks before and after trade liberalisation. Before liberalisation, small-scale farmers are protected by trade barriers and can earn an income selling their goods directly to markets at a price set by local supply and demand. After trade liberalisation, a market is likely to attract agri-

business from other countries, many of which receive subsidies. These producers can sell to local markets at lower prices, often making it impossible for small-scale farmers to compete. This may result in a loss of local income, weakened food security, and greater poverty, especially in less-developed countries.

**Figure 1: The Agriculture Sector Before and After Trade Liberalisation**



The risks to small-scale farmers from trade liberalisation can only be addressed through sector-oriented protections built into the AfCFTA. Trade unions have an important role to play as advocates for this process.

### **Who are the Stakeholders Involved?**

The AfCFTA is a member-driven agreement. In theory, the 54 signatories have a say in the drafting of protocols, implementation, and enforcement. In practice, decision-making powers are held by the following representatives. It is important that trade unions understand these arrangements and how they can best influence decision-makers.

**The Assembly** - The Assembly of Heads of State is the most important decision-making body in the AU. The Assembly provides strategic guidance and oversight for the AfCFTA and has exclusive authority to adopt interpretations of the agreement on the recommendation of the Council of Ministers. These decisions are taken by consensus.

**Council of Ministers** - The Council of Ministers includes Ministers of Trade and other officials appointed by the Member States. The Council reports bi-annually to the Assembly through regular sessions and may meet on other issues as required.



The Council of Ministers:

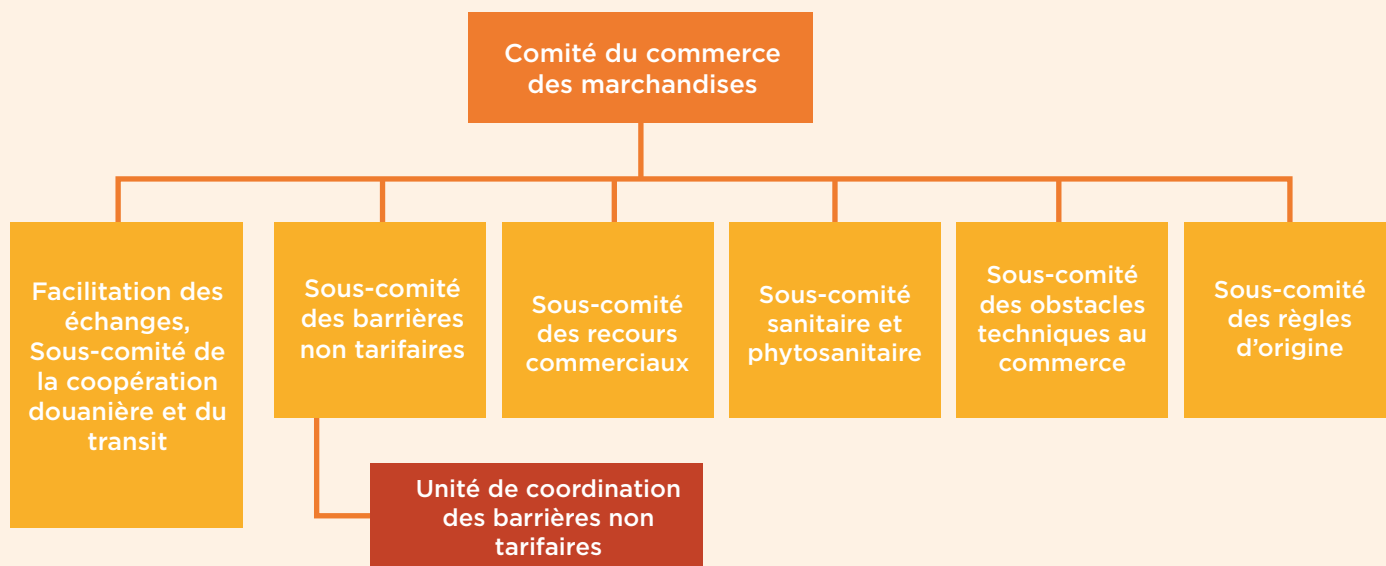
- Provides an authoritative interpretation of the agreement
- Harmonises policies and strategies and enforces the implementation of the Agreement
- Considers the reports and activities of the Secretariat and takes appropriate action, and
- Issues directives and makes recommendations in line with the provisions of the Agreement

**The AfCFTA Secretariat** - Though the AfCFTA is driven by member states, the Secretariat serves as a coordinator and administrative body. It houses experts, including lawyers, economists, researchers and policymakers to assist the Member States and ensure progress in negotiations and implementation.

The Secretariat is facilitating the remaining negotiations on the Protocol on Trade in Goods. Once complete, it will also be responsible for assisting Member States in the migration of their tariff schedules and RoO in alignment with the AfCFTA. Trade unions may have an opportunity to influence the Secretariat by participating in the organisation’s advocacy and dispute resolution functions.

**Technical Committees** - Each AfCFTA Protocol is supported by several Technical Committees. These Committees are not decision-makers but are instead responsible for the implementation of the AfCFTA, as well as monitoring and evaluation. The Committee on Trade in Goods and its sub-committees are shown below and are responsible for implementing and overseeing the Protocol on Trade in Goods.

Figure 2: AfCFTA Committee on Trade in Goods



### 3. THE ROLE OF TRADE UNIONS

Trade unions have an important role to play in the Protocol on Trade in Goods. Although the AfCFTA has already come into effect, negotiations are ongoing, and policy documents are incomplete. This includes policies on the Rules of Origin (RoO) and Tariff Schedules, without which the AfCFTA cannot be fully implemented.

#### *How Can Trade unions Influence the Protocol on Goods?*

There are several ways in which trade unions can influence the Protocol, its implementation and the inclusion of labour protections.

##### **1. Demand a Seat at the Table**

The AfCFTA is different from most international trade agreements in that it came into force before negotiations were complete. This means that, although several aspects of the agreement have been implemented, trade unions still have an opportunity to influence decision-makers, especially on the RoO and Tariff Schedules. That said, it is unclear when the negotiation process will conclude, and unions are encouraged to act quickly.

***Trade unions have an opportunity to share their experience, advocate for their rights, and build a continental voice that policy makers cannot ignore.***





Given that the AfCFTA is a member-driven agreement, trade unions can influence decisions at the national level that will be brought forward through the AfCFTA Secretariat or the Council of Ministers. If enough pressure is applied, influence could reach the Assembly of Heads of State, the highest decision-making body on the AfCFTA. Transnational networks such as those supported through ITUC-Africa are crucial to approaching and influencing the AfCFTA and the Protocol on Trade in Goods.

## 2. Insist on Labour Provisions

Most trade agreements include labour provisions to protect and advance workers' rights. These provisions pave the way for a more human-centred approach to trade in pursuit of the Decent Work Agenda.

To support trade unions and other organisations, the ILO has created a global database of labour provisions in trade agreements (ILO, 2022). This database can be found at <https://www.ilo.org/LPhub/>

The database divides labour provisions into three categories – Obligations, Monitoring and Compliance, and Dispute Settlement Mechanisms. It is designed to educate users around best practice and global trends and is an important resource for trade unions.

## 3. Monitor and Evaluate Implementation of the AfCFTA

Trade unions should play an active role in monitoring and evaluation of the AfCFTA and its various policies. Should workers be negatively impacted by the agreement, unions must be prepared and advocate for immediate change. This represents a unique opportunity for unions to serve as an on-the-ground resource to trade authorities, who are often removed from the day-to-day impacts of their decisions.

Trade unions are encouraged to visit the following sites to prepare for this monitoring and evaluation role:

- <https://www.tralac.org/documents/resources/factsheets/> provides factsheets

on the AfCFTA and the Protocol on Trade in Goods

- <https://www.tralac.org/documents/resources/cfta/> provides a Training Manual on the Guidelines for RoO in the AfCFTA

## 4. Actively Prepare for the AfCFTA Review Process

Trade agreements, including the AfCFTA, must always reflect prevailing trends, opportunities and challenges. The AfCFTA will therefore undergo regular reviews led by the AfCFTA Secretariat, and designed to adapt trade policy, implementation and enforcement processes to better serve member states.

Demands that cannot be met during the negotiation phase should be formulated and lobbied for during the AfCFTA review.

Trade unions can play an important role in the review process, shaping future iterations of the agreement and ensuring the incorporation of labour provisions.



### What Questions Should Trade unions Ask?

Trade unions are encouraged to ask the following questions, which will help them prepare for their role as advocates, lobbyists and monitors of the Protocol for Trade in Goods:

1. Is my country an LDC or a G6 country (see Section 4)?
2. What tariffs will be reduced? Are these products produced locally, and what will the impact be on jobs?
3. Which tariffs should be maintained to protect local industries and jobs?
4. Should some products receive lower tariff cuts or longer implementation periods?
5. Is my country's implementation period adequate to protect workers and the economy?
6. What products are being considered as sensitive or exempted goods, and do we agree (see Section 5)?
7. Will the proposed tariff cuts in any way prohibit my country from developing and implementing policies aimed at decent work, food security, access to quality public services, poverty reduction and equal distribution of incomes?

### What Could the Integration of Labour into the Protocol Look Like?

This Guide to the Protocol on Trade in Goods forms part of a broader project led by ITUC-Africa and the LRS, in which demands are made for the inclusion of labour provisions throughout AfCFTA policy and procedures.

The inclusion of labour provisions in trade agreements is a relatively new effort on behalf of Trade and Labour Organisations to support workers in the trade liberalisation process. According to the ILO, around half of trade agreements concluded in the last decade (2011-2020) contained labour provisions, compared to only 22 per cent in the previous decade (2001-2010) (ILO, 2022). As a result, guidelines for how best to integrate labour into Trade agreement protocols are still in development.

To support the integration of labour into the Protocol on Trade in Goods, the LRS has adapted guidelines provided by Laperle-Forget (2021) on the integration of gender provisions into the AfCFTA Protocol on Investment. Trade unions are advised to review and consider these guidelines to inform their lobbying efforts.

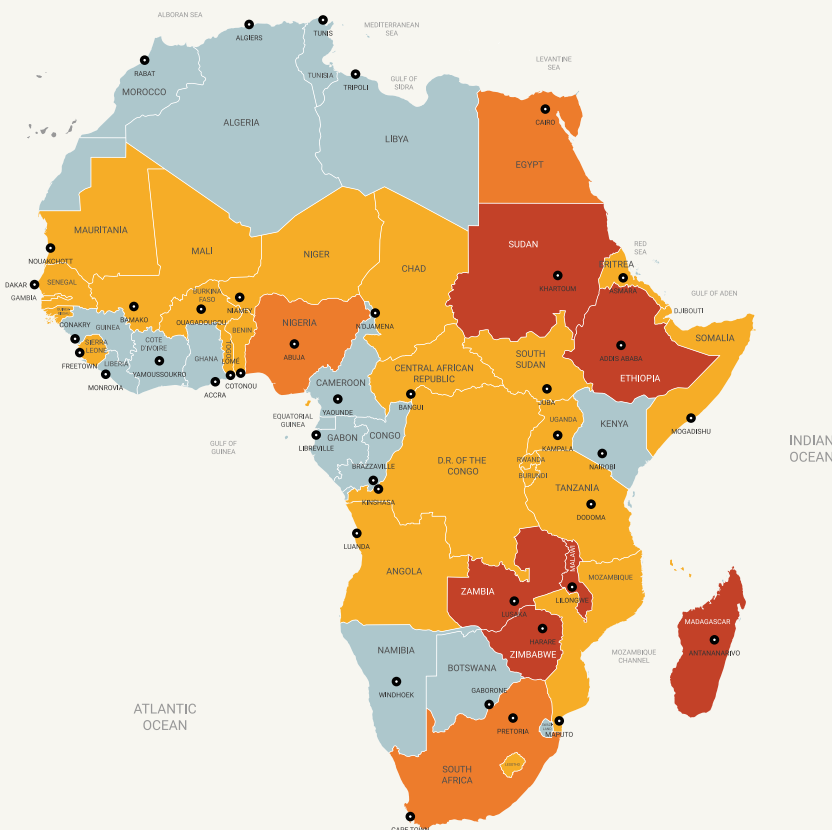
1. The Protocol Preamble and Objectives should include language on labour rights, for example:
  - 'The Protocol on Trade in Goods recognises the importance of the Decent Work Agenda in the development of trade within the AfCFTA'.*
2. The Protocol should incorporate references to sustainable development. Objectives, such as the UN Sustainable Development Goals,<sup>x</sup> are directly linked to improved working conditions.
3. Labour provisions should be included throughout Protocol on Trade in Goods and not as an annexure or separate section. Examples of wording that can be incorporated include:
  - *'... reaffirm obligations as members of the ILO and commitments under the ILO Declaration of Fundamental Principles and Rights at Work and its Follow-up'*
  - *'... it is inappropriate to encourage trade by relaxing laws on domestic labour, public health or safety'*
  - *'...provide for high levels of labour and human rights protection'*
4. Rules of Origin policies should include labour content value requirements. This would ensure that the location, type and remuneration of labour are considered when assessing whether goods qualify under RoO rules.





## 4. CLASSIFYING COUNTRIES UNDER THE AfCFTA

The removal of trade barriers in Africa represents a complex task, given the disparities between different countries. It is important that trade unions understand how their nation is classified, what this means for the removal of barriers, and how this impacts the trade in goods.



### 1. Principales économies

Afrique du Sud, Egypte et Nigéria

Ces trois pays représentent la moitié du PIB du continent et sont mieux équipés pour faire de la ZLECAf un outil de développement.

### 2. Pays les moins avancés

Angola, Bénin, Burkina Faso, Burundi, République centrafricaine, Tchad, Comores, République démocratique du Congo, Djibouti, Erythrée, Gambie, Guinée, Guinée-Bissau, Lesotho, Mali, Mauritanie, Mozambique, Niger, Rwanda, Sao Tomé et Príncipe, Sénégal, Sierra Leone, Somalie, Sud Soudan, Togo, Ouganda, et Tanzanie.

Les PMA ont tendance à avoir des barrières commerciales plus élevées, des résultats socio-économiques moins bons et sont plus exposés au risque de perte d'emploi en raison de la ZLECAf.

### 3. Pays du G6

Éthiopie, Madagascar, Malawi, Soudan, Zambie, et Zimbabwe.

Les pays du G6 sont confrontés à des défis uniques et ont négocié une période de mise en œuvre plus longue.

### *Is Your Country a Least Developed Country Under the AfCFTA?*

There is a vast disparity between the 54 signatories to the AfCFTA in terms of economic development, local production and trade. Three African countries, Nigeria, Egypt and South Africa, hold as much as 50% of the continent's GDP. The level of specialisation and competitiveness in a country will determine to what extent it will benefit from the reduction of tariffs (ITUC, 2008). Furthermore, if tariffs are already quite low, the impact of the AfCFTA will be less. According to the World Bank Group (2020), countries such as Cameroon, Nigeria, Ethiopia, Madagascar, the Democratic Republic of Congo, and Egypt will feel the greatest impact owing to their high trade barriers while the impact on each country's fiscal position will also vary.

Allowing for **Least Developed Countries (LDCs)** in trade agreements is a way to acknowledge the disparities between countries. It recognises that LDCs may lose crucial tariff revenue because of trade liberalisation. Local industries will also face growing pressure from

international competitors, posing a risk to local jobs.

Consequently, the LDCs are given ten years to remove their trade barriers, compared to five years in more developed countries. This longer implementation period is designed to cushion the financial blow but will only be effective if measures are taken to support local labour, farmers and small enterprise.

### *Is Your Country One of the Group of Six?*

The AfCFTA also recognises a group of six member states consisting of five LDCs (Ethiopia, Madagascar, Malawi, Sudan, Zambia) and Zimbabwe. This so-called G6 has drawn on the special and differential treatment principle, arguing that they face specific development challenges and will need more time to lift trade barriers. After appealing to the AfCFTA Assembly, the G6 has secured a special allowance to reduce tariffs over a longer, 15-year period. This is compared to ten years for other LDCs and five years for all other countries.



## 5. TRADE LIBERALISATION UNDER THE AfCFTA

The main objective of the AfCFTA is to remove trade barriers, which should drive the trade of goods between Member States. It is important that trade unions understand this process, how it will be implemented, and what is at stake.

### *What is the Difference Between a Free Trade agreement (FTA) and a Customs Union?*

Given the African trade context, it is important to understand the difference between a Free Trade agreement (FTA) such as the AfCFTA, a Regional Economic Community (REC) and a Customs Union.

**Free Trade agreement** - In an FTA, each member can negotiate tariffs individually with countries outside of the agreement and establish different tariff rates.

**Regional Economic Community** - These are regional groupings of African states designed to facilitate economic integration between members and with the wider African community. While the RECs are involved in trade policy, their influence extends into other areas of the economy.

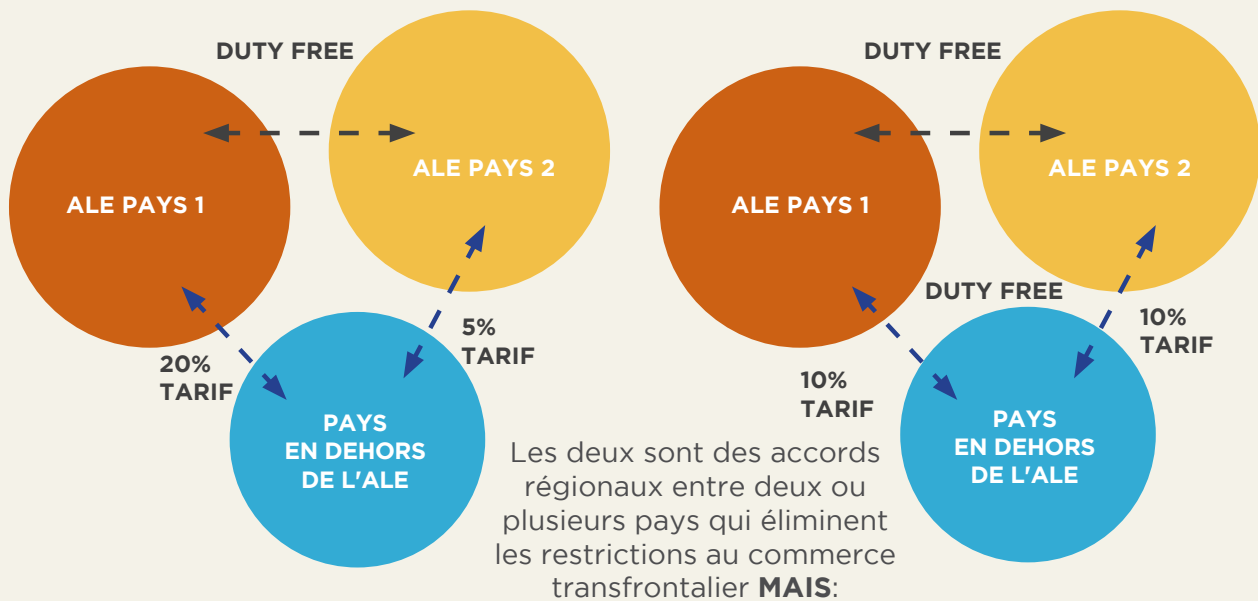
**Customs Union** - A Customs Union is a type of FTA where a common tariff is imposed on non-members. Unlike an FTA, in a Customs Union, negotiations must be done by a single entity representing all members. Once a good is within the Union, it can be traded freely regardless of the RoO.





Figure 3: Free Trade Agreements and Customs unions

## QUELLE EST LA DIFFÉRENCE ENTRE UN ACCORD DE LIBRE-ÉCHANGE et une UNION DOUANIÈRE?



### Dans un ALE:

- Chaque membre peut négocier individuellement des droits de douane avec les pays qui ne font pas partie de l'accord.
- Chaque membre aura des accords tarifaires différents avec les pays extérieurs (par exemple, 5 % et 20 %).
- La libre circulation des marchandises n'est autorisée entre les pays membres que si elle satisfait aux règles d'origine de l'ALE.

### Dans une union douanière:

- Les négociations doivent être menées dans le cadre d'une union douanière représentant tous les membres.
- Tous les membres appliquent le même tarif douanier commun (par exemple, 10 %) à l'encontre d'un pays non-signataire de l'accord.
- La libre circulation des marchandises est autorisée entre les pays membres.

**Dans les processus de négociation de la ZLECAf, les syndicats doivent prendre conscience qu'il y aura plusieurs chevauchements avec les unions douanières régionales et les accords de libre-échange régionaux existants.**

### *How does the AfCFTA Impact Existing Trade Agreements?*

In 2019 there were 15 regional trade agreements across Africa, with overlapping memberships of various countries (Abrego et al., 2020). A common question in the development of the AfCFTA is how this will impact existing agreements and whether there is an opportunity for integration. It was decided by the Member States that existing agreements will remain in place and serve as building blocks for the AfCFTA, owing to their alignment with AfCFTA principles. The idea is that as the AfCFTA becomes more established, there will be greater policy alignment and simplification of rules across the different RECs (Hartzenberg, 2020).

### *What is the Difference between Tariff and Non-Tariff Barriers?*

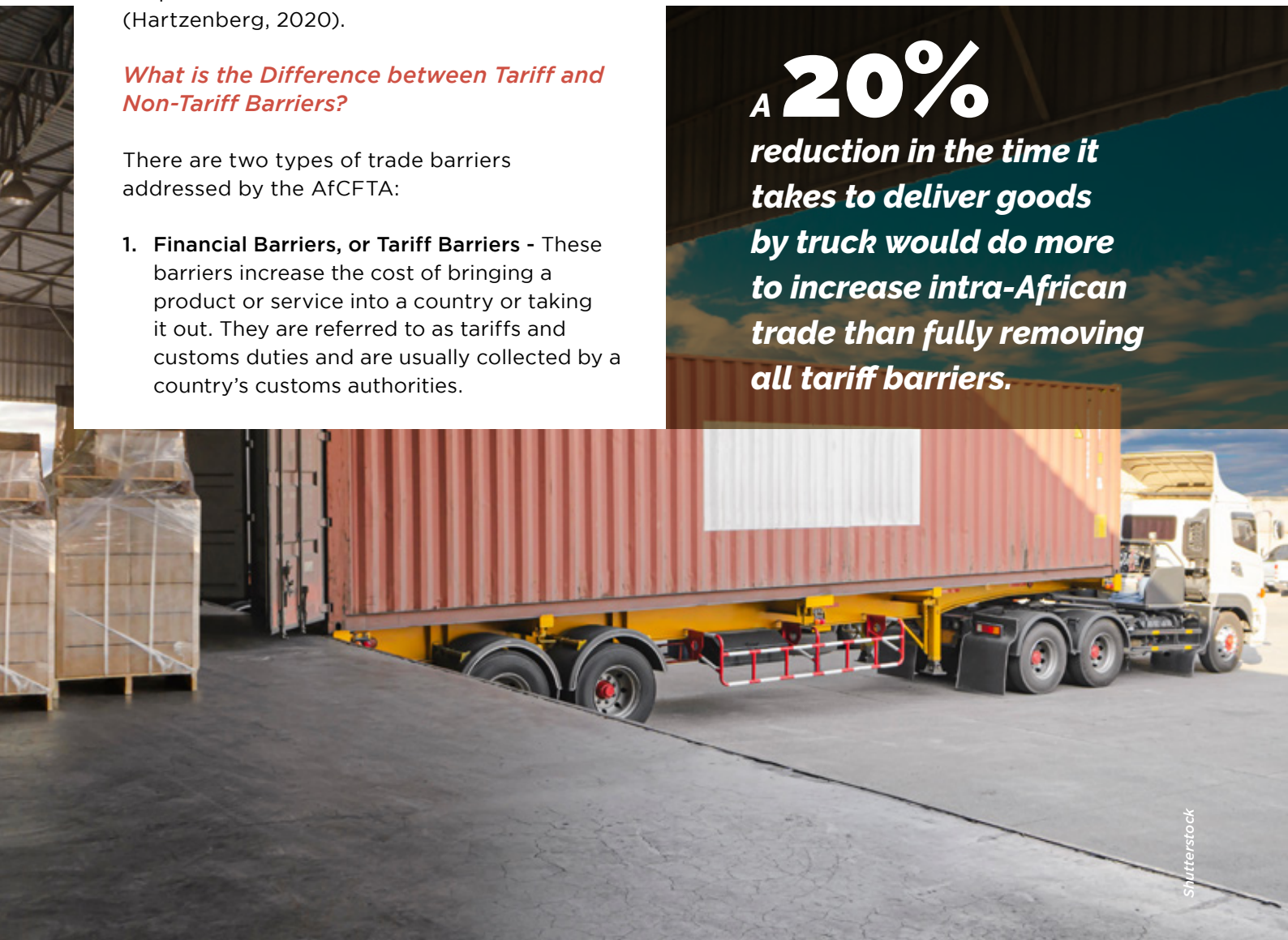
There are two types of trade barriers addressed by the AfCFTA:

- 1. Financial Barriers, or Tariff Barriers** - These barriers increase the cost of bringing a product or service into a country or taking it out. They are referred to as tariffs and customs duties and are usually collected by a country's customs authorities.

- 2. Non-Tariff Barriers (NTBs)** - These are the non-financial barriers to trade and include regulations, standards, quotas, subsidies or certification procedures.

The goal of all Free Trade Agreements is to reduce both tariff and non-tariff barriers to liberalise markets. That said, researchers argue that better customs administration, trade facilitation and improved governance would do more to increase intra-African than the removal of tariffs (Erasmus, 2020). One study found that reducing the time it takes for trucks to deliver goods in Africa by just 20% would do more to increase intra-African trade than fully liberalising the market (Capon, 2021).

**A 20%**  
**reduction in the time it takes to deliver goods by truck would do more to increase intra-African trade than fully removing all tariff barriers.**



The Tariff Schedule sets the terms, conditions and qualifications under which goods may be imported under the AfCFTA (AU, 2018A).

This schedule will be provided by Annex 1 of the Protocol on Trade in Goods - Schedules of Tariff Concessions - which remains under negotiation and is therefore open to influence by Trade unions.



### *How are Tariffs Managed within the AfCFTA?*

Every nation in Africa has a long list of goods that are traded between countries. A **Tariff Schedule** divides these goods into categories and sub-categories and lists them along with their associated tariffs. It is within a country's tariff schedule that the negotiated tariffs under the AfCFTA will be found.

To unify and simplify the process, the **Harmonised System (HS)** of Classification was developed and is applied globally. This transparent and objective system classifies products using different levels of aggregation

### *Chapters, Headings and Sub-Headings*

It is important that products are classified correctly so that the appropriate tariff and RoO can be applied.

For the AfCFTA, an **E-Tariff Book** is under development to provide the public with direct access to the agreed-upon Tariff Schedules. More information on the E-Tariff Book can be found at <https://etariff.au-afcfta.org/mapsearch>.

### *Removing Tariffs Under the AfCFTA*

The terms of trade under the AfCFTA remain under negotiation, therefore, decisions around specific tariffs have yet to be made. That said, there are certain rules set out in the AfCFTA agreement with which Member States must comply:

**Most Favoured Nation (MFN) Status** - A core principle of the AfCFTA is that all Member States are treated equally, or in trade terms, receive Most Favoured Nation (MFN) status. This guarantees that the same tariffs are applied reciprocally to every country.

**Tariff Targets and Rules** - The AfCFTA agreement sets out rules and targets for trade liberalisation. These inform negotiations on the Protocol on Trade in Goods.

The aim is to remove tariffs on 90% of product-lines over 5 years, with longer timeframes for Least Developed and G6 Countries (see Section 5). The remaining 10% of products can be classified by individual Member States as sensitive (7%), which allows for a longer timeframe on tariff removal, or excluded (3%), meaning that tariffs can remain in place. A product may be classified as sensitive or excluded for many reasons, including food security, national security, fiscal revenue, and the protection of local industries and livelihoods.



Member States are in the process of classifying products as either sensitive or excluded, although progress varies between countries. Trade unions are encouraged to monitor this process within their respective country by visiting the E-Tariff Book at <https://etariff.au-afcfta.org/mapsearch>.

**Timelines for Trade Liberalisation** - The goal of the AfCFTA is to remove 97% of tariff-lines over the next 15 years. This is an ambitious goal, further complicated by the classification of a number of Member States as an LDC or a member of the G6. The following illustration summarises the trade liberalisation timeline, assuming there are no further delays in negotiation.

*The goal of the  
AfCFTA is to remove*  
**97%**  
*of tariff-lines  
over the next*  
**15 years.**



Figure 4: The Timeline for Trade Liberalisation

## HOW LONG WILL 0% TARRIFS TAKE UNDER THE AFCTFA?



**IF YOU ARE A NON LDC COUNTRY**



**10 YEARS IN TOTAL**

**90%**

**90% of tariff lines: 5 year phase-down**

**7%**

**7% of tariff lines = SENSITIVE GOODS: 10 year phase-down**

**3%**

**Remaining 3% will be exempted goods**



**IF YOU ARE A LDC COUNTRY**



**13 YEARS IN TOTAL**

**90%**

**90% of tariff lines: 10 year phase-down**

**7%**

**7% of tariff lines = SENSITIVE GOODS: 13 year phase-down**

**3%**

**Remaining 3% will be exempted goods**



**IF YOU ARE A G6 COUNTRY**



**NOT YET DETERMINED**

**90%**

**90% of tariff lines: 15 year phase-down**

**?%**

**SENSITIVE GOODS AND EXEMPTED GOODS: Percentage and timelines not yet determined**



## 6. RULES OF ORIGIN AND THE AfCFTA

The AfCFTA calls for the removal of tariffs on all goods produced by Member States, while tariffs on goods imported from outside of Africa may remain. This incentivises overseas companies to classify their goods as 'made in Africa', in some cases fraudulently, leading to exploitation of the Agreement. It is, therefore, necessary that the Protocol on Trade in Goods set binding Rules of Origin (RoO), which represent the criteria needed to determine the nationality of a product.

"Rules of Origin serve as a 'passport' enabling goods to circulate duty-free within a free trade area (FTA) as long as these goods qualify as originating within the FTA. In other words, they determine the economic origin of goods" (UNCTAD, 2019).

***Rules of Origin will determine criteria under which products can be classified as made in Africa.***

***The RoO will be provided by Annex 2 of the Protocol on Trade in Goods, which remains under negotiation and is therefore open to influence by Trade unions.***





### *Why are Rules of Origin Important?*

RoO are designed to prevent abuse of Trade Agreements by foreign companies through the illegitimate classification of goods as well as product dumping. In fact, the UN and others believe that the success of the AfCFTA will depend on the RoO, which is currently under negotiation (allAfrica, 2019). The argument is that if the RoO is simple, transparent, business-friendly and predictable, the AfCFTA will succeed. If not, RoO can become a barrier to trade. On the other hand, it is important that the drive for simplicity does not limit the effectiveness of RoO classifications.

RoO is also critical from a labour perspective. In its absence, price undercutting could lead to local industries being unable to compete and compromising on labour costs and standards. Trade unions are also cautioned that RoO may neglect certain sectors and workers, which is also problematic. It is therefore important that trade unions understand RoO and their impact on specific industries.

### *How are Rules of Origin Reflected in the AfCFTA?*

RoO can either be decided on in a generic manner where the same rules apply to all products or on a product-specific basis. The latter approach was taken within the AfCFTA, which plays to the advantage of trade unions. The negotiations are more complex but provide a better opportunity to protect workers in vulnerable sectors.

In today's economy, very few products outside of agriculture are produced without imported components. This poses a challenge for RoO by adding complexity to the classification process. The first main distinction to make is between wholly obtained goods and substantially transformed goods.

#### **Products that are Wholly Obtained –**

Products that were grown, produced, and/or manufactured within a country and are therefore made up of only local inputs. This can apply to agricultural products, minerals and fish.

#### **Products that are Substantially Transformed**

– Products consisting of different inputs, some of which are imported. To receive the benefits of trade under the AfCFTA, a company will have to prove that a product with non-originating inputs has been substantially transformed locally.

#### **Products with Cumulative Status –**

The AfCFTA also offers provisions for products for which the value chain was located across various AfCFTA member states.

Trade unions are encouraged to familiarise themselves with the RoO process, identify products with a potentially significant impact on labour, and engage in RoO classifications with a focus on labour protection.

## 7. CONCLUSION

The goal of the AfCFTA is to fully liberalise trade throughout the Continent, encouraging an increase in intra-African trade. This is a complex process that requires lengthy negotiations between countries at different stages of development. The aim of this guide was to support trade unions in their effort to integrate labour provisions into the Protocol on Trade in Goods.

The continuous delay in the negotiations around the Protocol provides much-needed opportunities for trade union influence. At the same time, immediate action is necessary, given the uncertainty regarding a possible completion date. Trade unions should not feel intimidated by a lack of relevant knowledge but should rather build and make use of knowledge and solidarity networks to inform their advocacy campaigns.

Within this context, trade unions will have multiple roles to fill. They are encouraged to demand space in the negotiations on Tariff Schedules and RoR. Where negotiations are complete, trade unions should monitor implementation to ensure workers are not negatively affected and, where they are, be prepared to advocate on their behalf. Finally, trade unions are encouraged to actively prepare for the AfCFTA review cycle.







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