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**THE AFRICAN CONTINENTAL FREE
TRADE AREA GUIDED TRADE
INITIATIVE (GTI)**

INFORMATION NOTE

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I. BACKGROUND

1. The AfCFTA Guided Trade Initiative (GTI) was launched on 7 October 2022 as a solution-based approach to kickstart commercially meaningful trade under AfCFTA preferences. Following the launch of the start of trading under the AfCFTA on 1 January 2021, the Council of Ministers responsible for trade adopted the Ministerial Directive on the Application of Provisional Schedules of Tariffs Concessions in October 2021 which provides a legal basis for AfCFTA State Parties that had submitted their tariff schedules in accordance with the agreed tariff modalities to trade preferentially amongst themselves.
2. The overall objectives of the Initiative are to:
 - i. Demonstrate the efficiency of the legal framework of AfCFTA instruments;
 - ii. Obtain feedback on the effectiveness of the legal and institutional national systems in the participating State Parties;
 - iii. Test the readiness of the private sector to participate in trade under the AfCFTA; and
 - iv. Identify possible future interventions to increase intra-African trade and maximize the benefits of the AfCFTA.
3. The GTI takes practical steps towards the facilitation of trade under the AfCFTA through direct engagement with key stakeholders both in the public and private sectors of State Parties. This is achieved through fast tracking the establishment of National AfCFTA Implementation Committees or ad hoc Committees as a focal point for any activities or concerns related to the implementation of the AfCFTA. These committees are then connected to the National Implementation Committees of other participating State Parties under the main GTI Committee to facilitate the ease of communication and fast-track the resolution of any challenges faced by traders in both the importing and exporting countries.



4. Seven (7) participating State Parties namely Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, and Tanzania saw 98 potential trades under the AfCFTA preferences in goods such as coffee, ceramic tiles, dried fruits, batteries, tea and processed meat.
5. The Decision of the 17th Extraordinary Session of the Assembly of Heads of State and Government of the African Union (AU Assembly) in November 2022 encouraged State Parties to support their private sector, directed the Secretariat to expand the scope of the Guided Trade Initiative and provide support to State Parties in the establishment of the Trade Aggregating Companies to take advantage and harvest the full benefits of the AfCFTA.

II. EXPANSION OF THE GUIDED TRADE INITIATIVE IN 2023

6. In 2023, the AfCFTA Secretariat has developed a detailed programme of stakeholder engagements, capacity building workshops and meetings of the national GTI Committee to materialize the benefits of the commencement of trade under the AfCFTA, and to introduce the concept of AfCFTA Trading Companies. In accordance with the 2023 AU Theme of the Year “Acceleration of AfCFTA Implementation”, the scope of the GTI has been expanded in both product and country coverage across the five African regions and island states, to the current total of thirty-one (31) State Parties. The State Parties participating in the Initiative as of 2023, and where the Secretariat has scheduled stakeholders’ engagements include:

- i. **East Africa Region:** Kenya, United Republic of Tanzania, Uganda, and Rwanda;
- ii. **Central Africa Region:** Burundi, Cameroon, Central African Republic, Democratic Republic of the Congo (DRC), Congo (Brazzaville) Equatorial Guinea and Gabon;
- iii. **North Africa Region:** Algeria, Egypt, Tunisia and Morocco;



- iv. **Southern Africa Region:** Angola, Botswana, Malawi, Namibia, South Africa and Zimbabwe;
 - v. **West Africa Region:** Côte d'Ivoire, Ghana Nigeria, Senegal and Togo; and
 - vi. **Island States:** Cabo Verde, Comoros, Madagascar, Mauritius and Seychelles.
7. These engagements have already outlined a number of products for trade under the Initiative in 2023 that include meat and meat Products, poultry and poultry products, beverages, textiles and clothing, processed food products, juices, tomato sauce, peanut butter, and mayonnaise, mushrooms flowers, bio pesticides, powdered milk, fish oil, frozen tuna, mineral and chemical fertilizers, essential oils, packaged moringa, fortified maize porridge, honey, nut butters, fruit jams, tea, coffee, milling (flour and maize meal), plastic based products, spaghetti, pasta, and fabric (material).
8. The most recent significant developments within the Initiative include:
- a. The issuance of the first AfCFTA Certificate of Origin (CoO) by the United Republic of Tanzania for a shipment of coffee to Algeria;
 - b. Tunisia's AfCFTA Certificates of Origin for chemical products and resin exported to Cameroon;
 - c. There are State Parties are at an advantaged to start trading such as Algeria, Nigeria and South Africa;
 - d. The 2023 Annual GTI event will be held in Kigali, Rwanda. Therefore, State Parties have been invited to nominate companies that can actively participate, network, and showcase exports and imports products of interest; and



9. The AfCFTA Guided Trade Initiative serves as a gateway to encourage continued commercially meaningful trade under the AfCFTA, resulting in increased opportunities for SMEs, youth and women in trade and ultimately establishing sustainable and inclusive economic development.

III. FUTURE OF THE GTI AND AfCFTA TRADING COMPANIES

10. The pilot phase of the Initiative highlighted the need for State Parties to mobilize businesses interested in both export and import, logistics and other services throughout the entire trade process, and the need for trade aggregators to leverage economies of scale especially for small and medium scale enterprises.
11. Following the Decision of the 17th Extraordinary Summit, the AfCFTA Secretariat conceptualised and communicated to Member States, a framework that serves as the basis for engagements on the establishment of AfCFTA Trading Companies (ATC). The ATCs are intended to support trading within the AfCFTA by facilitating the aggregation of exports for both small and medium enterprises (SMEs) in the context of the African market where SMEs are the prevalent trading entities and have the most potential for export opportunities and job creation. However, these SMEs suffer significant challenges in entering the export market due to challenges including lack of access to market information, interconnectivity between the markets and financial resources. AfCFTA Trading Companies play a central role in bridging the gap between SMEs and trading in the broader African market.
12. The purpose of the Guided Trade Initiative is to launch actual trading under AfCFTA preferences. The Initiative has demonstrated that the legal framework of the AfCFTA is in place and therefore all State Parties that have technically verified Provisional Schedules of Tariff Concessions (PSTCs) in accordance with the agreed tariff modalities can trade among themselves.



13. Currently, the Secretariat has received 47 submissions of PSTCs from Member States, 42 of which have been technically verified and adopted by the AU Assembly. The technical verification process is ongoing for the tariff schedules of five (5) State Parties including Angola, Comoros, Malawi, Zimbabwe, and Sao Tome & Principe, whilst Djibouti, Mozambique, Ethiopia, Sudan, Libya, Somalia, and the Sahrawi Arab Republic are yet to submit PSTCs. The 2nd Extraordinary Meeting of the AfCFTA Council of Ministers held in May 2023 encouraged State Parties that have not yet finalised development of market access offers to expedite the processes with a view to starting preferential trade under the AfCFTA.

IV. WAY FORWARD

14. The Initiative has outlined key action points for the effective implementation of the AfCFTA. These include;
- i. The need for the establishment of a centralised AfCFTA National Implementation or Coordination office;
 - ii. The importance of gazetting Provisional Schedules of Tariff Concessions according to national laws;
 - iii. The need to conclude the negotiations on Exclusion and Sensitive Products (Categories B and C);
 - iv. The potential for Africa to expand products traded beyond coffee, tea etc. captured within the initial stage of GTI;
 - v. The establishment of AfCFTA Trading Companies to serve as intermediaries or trade aggregators for SMEs to stimulate and facilitate intra-African trade both in volume and diversity of products under AfCFTA preferences. That would reduce the costs of SMEs in trading across borders.



15. The ultimate goal of the AfCFTA Guided Trade Initiative is to materialise trading amongst State Parties in accordance with the Agreement Establishing the AfCFTA, therefore, more countries are invited to participate.