



Intra-African Trade and Regional Integration Post-AfCFTA

Angela Alvarez Department of Management, Università di Nova Roma, Italy

Lisa Parker Department of Economics, Danube International University, Austria

Sierra Hall Department of Economics, Zenith Institute of Technology, India

Steven Noble Department of Law, Alexandria School of Governance, Egypt

Introduction

Intra-African trade and economic integration have gained unprecedented traction following the operationalization of the African Continental Free Trade Area (AfCFTA) in January 2021. Lauded as the most ambitious economic integration project in Africa's history, AfCFTA is designed to dismantle trade barriers, foster economic convergence, and stimulate industrialization across the continent. This article explores the progress, challenges, and transformative potential of intra-African trade and regional integration in the post-AfCFTA era.

Historical Background and the Genesis of AfCFTA

After decades of fragmented regional trade and isolated markets, African leaders envisioned a continent-wide free trade area to accelerate economic transformation and self-reliance. The AfCFTA, signed in March 2018 in Kigali, Rwanda, and operational since January 2021, amalgamates 55 African Union (AU) states into a single market of 1.3 billion people with a cumulative GDP exceeding \$3.4 trillion^{[1][2]}. This initiative is a flagship project under Agenda 2063, "The Africa We Want", intended to promote sustainable and inclusive growth through economic integration^{[3][4]}.

Objectives and Provisions of AfCFTA

Core Goals

- Eliminate tariffs on 90% of goods traded within Africa by 2030^[5].
- Facilitate free movement of goods, services, people, and capital across member states^[6].
- Promote value-added production, economic diversification, and industrialization.
- Foster regional value chains and reduce Africa's reliance on external markets.

Legal and Institutional Framework

The AfCFTA agreement addresses trade in goods and services, investment, intellectual property rights, competition policy, and digital trade. Its robust dispute settlement system and institutions such as the Pan-African Payment and Settlement System (PAPSS) support implementation and integration^{[1][6]}.

Current Status: Implementation and Membership



- By 2025, 54 African countries had signed the AfCFTA, with more than 40 ratified and implementing protocols.
- The operational phase includes the roll-out of tariff schedules, rules of origin, and trade facilitation mechanisms to reduce non-tariff barriers and encourage cross-border trade^{[1][7]}.

The State of Intra-African Trade Post-AfCFTA

Trade Dynamics and Key Statistics

Indicator	2020–21 (Pre-AfCFTA)	2025 (Post-AfCFTA Implementation)
Intra-African Trade as Share of Total African Trade	15%	22% ^[8]
Projected Intra-African Trade Share by 2045	–	Over 26% ^[8]
Estimated Increase in Intra-African Trade Value	–	\$195–276 billion ^{[8][7]}
Combined African GDP (USD, trillions)	\$2.1	\$3.4 and growing ^{[9][2]}

- Intra-African trade grew significantly during the first years of AfCFTA’s implementation, but still lags behind regions like Europe and Asia, which average 60–70% internal trade^{[10][8]}.
- Key traded sectors: agricultural products, textiles, machinery, chemicals, transport equipment, and services^{[8][11]}.

Graph: Intra-African Trade Share Evolution (2020–2045)

[Described image: A line graph showing the steady rise of intra-African trade from 15% in 2020 to over 26% by 2045, reflecting projections with AfCFTA implementation.]

Regional Integration: Progress and Opportunities

Regional Economic Communities (RECs)

Before AfCFTA, trade and integration occurred mainly within RECs—such as ECOWAS, SADC, EAC, COMESA—which often had overlapping memberships and complex protocols^{[9][1]}. The AfCFTA seeks to harmonize and consolidate these fragmented frameworks, laying the groundwork for deeper continental integration^{[12][13]}.

Advancement of Regional Value Chains

Regional value chains are emerging in agro-processing (West Africa), automotives (Southern Africa), and pharmaceuticals (East Africa), as manufacturers and suppliers benefit from the wider, tariff-free market^{[8][7]}.

Political and Policy Coordination

- The AfCFTA also acts as a political integration anchor, encouraging member states to coordinate policies on trade, investment, infrastructure, data, and innovation^[13].
- Initiatives such as the African Trade Observatory enhance transparency and data-driven policy-making^[1].



Economic Impacts and Sectoral Effects

Macro-Economic Outlook

- Intra-African trade could be 45% higher by 2045 due to AfCFTA, with broad gains in manufacturing, agriculture, and services^{[14][11]}.
- The World Bank estimates the AfCFTA could lift 30 million Africans out of extreme poverty and raise incomes for up to 70 million by 2035^[15].
- GDP could rise by \$141 billion continent-wide with full implementation by 2045^[7].

Sectoral Breakdowns

Sector	Projected Increase in Trade Volume (2045)
Agri-food	49.1%
Services	37.9%
Industry	35.7%
Energy/Mining	19.4%

- Growth will be especially significant for value-added manufacturing and services, encouraging diversification away from reliance on raw commodities^{[8][4]}.

Graph: Projected Increase in Intra-African Trade Value by Sector (to 2045)

[Described image: A clustered bar chart showing increases by sector, with agri-food at 49%, followed by services, industry, and energy/mining, reflecting higher intra-African trade projections.]

Drivers of Integration and Trade Expansion

Digital Trade and Payment Systems

- Initiatives like the Pan-African Payment and Settlement System (PAPSS) facilitate transactions in local currencies, reducing dependence on external currencies and addressing liquidity bottlenecks^[1].
- E-commerce platforms have grown, allowing SMEs to access new markets within Africa^{[11][16]}.

Trade Facilitation Reforms

- Streamlined customs procedures, harmonized standards, and a digital trade information portal are reducing costs and time at borders.
- Investments in cross-border infrastructure (roads, rail, energy grids) accelerate physical integration and supply chain efficiency^{[9][7]}.

Youth, Gender, and SME Inclusion

- Policy measures target inclusivity by supporting female entrepreneurs, youth-led businesses, and MSMEs with capacity building, finance, and access to market opportunities^[4].



Challenges: Post-AfCFTA Implementation Hurdles

Persistent Non-Tariff Barriers

- Ongoing issues: red tape, complex customs, lack of mutual recognition of standards, and infrastructure deficits^{[14][4]}.
- Some regions experience slow reconciliation of local rules with AfCFTA-wide protocols^{[7][11]}.

Economic Divergence

- Disparities in economic development, productive capacities, and technologic adoption may result in uneven benefits, requiring targeted interventions^{[9][14]}.
- Fiscal risks: declining tariff revenues for some countries, exacerbated by inflation, debt pressures, and climatic shocks^[14].

Political and Institutional Limitations

- Some member states have been slow to implement protocols or harmonize domestic laws due to political or capacity constraints.
- Limited legal enforceability regarding non-compliance inhibits rapid advance toward deeper integration^[9].

Case Studies

1. Ghana and West African Regional Hubs

Ghana's ports and logistics sector have seen heightened activity as regional trade corridors benefit from AfCFTA-enabled market access. Similar trends are seen in Kenya (East Africa) and South Africa (SADC), as they emerge as trade and industrial hubs^[4].

2. E-Commerce and Cross-Border Trade

Digital marketplaces are expanding in intra-African e-commerce, particularly for consumer goods, agricultural products, and services, leveraging more harmonized regulatory frameworks^{[1][7]}.

3. Agricultural Value Chains

Nigerian agro-exporters, for instance, have gained improved access to North and West African markets for processed foods and textiles, contributing to local industrial employment and rural incomes^[8].

Policy Recommendations

- **Harmonize trade policies:** Accelerate alignment of domestic and regional standards.
- **Invest in infrastructure:** Prioritize transport, digital, and energy projects that unlock regional trade corridors.
- **Empower SMEs and underrepresented groups:** Expand capacity-building for women, youth, and small businesses.



- **Deepen legal and institutional integration:** Establish enforceable sanctions for non-compliance and incentivize protocol adoption.
- **Promote macroeconomic stability:** Support fiscal reforms and mobilize sustainable development finance for smooth adjustment.

Conclusion

AfCFTA marks a transformative leap forward for African regional integration and intra-African trade. While significant progress has been made in trade volumes, market access, industrialization, and policy coordination, implementation barriers and economic inequalities must be addressed with deliberate policy action and sustained continental cooperation. If these challenges are met, Africa will accelerate toward the goal of becoming a united and globally competitive economic bloc.

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