

# African Continental Free Trade Area (AfCFTA)

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## Overview and Implications for the Metals and Minerals Industry

### Introduction

The African Continental Free Trade Area (AfCFTA) is a landmark agreement creating a single market for goods and services across Africa. Signed in March 2018 and operational since January 1, 2021, AfCFTA aims to boost intra-African trade by eliminating tariffs and reducing non-tariff barriers. For the metals and minerals industry, which is critical to many African economies, the agreement presents significant opportunities for regional value chain development and increased trade.

### Participating Countries

- 54 of 55 African Union member states have signed (Eritrea being the exception)
- 44 countries have deposited their instruments of ratification as of 2024
- Trading under AfCFTA preferences began January 1, 2021

### Key Provisions

#### Tariff Elimination

- Elimination of tariffs on 90% of goods traded between member countries

- Additional 7% of tariffs reduced on “sensitive goods” over a longer timeframe
- Remaining 3% of products can be excluded from liberalization
- Implementation schedule: 5 years for non-LDCs, 10 years for LDCs, 15 years for sensitive products

## **Rules of Origin**

- Product-specific and general rules
- Value content requirements typically 30-40%
- Substantial transformation criteria
- Special provisions for least developed countries (LDCs)

## **Customs Procedures and Trade Facilitation**

- Simplified customs procedures
- Transparency requirements
- Publication of laws and regulations
- Single window initiatives
- Advanced rulings mechanisms

## **Non-Tariff Barriers**

- Mechanism for identifying and eliminating NTBs
- Online monitoring and reporting system
- Cooperation on standards and technical regulations
- Mutual recognition arrangements

## **Trade in Services**

- Progressive liberalization of services trade
- Priority sectors: transport, communications, financial services, tourism, business services
- Most-favored-nation and national treatment obligations

## **Investment Protocol**

- Investment protections
- Transparency in regulations

- Prohibition of certain performance requirements
- Dispute settlement provisions

## **Implications for Metals and Minerals Industry**

### **Market Integration Opportunities**

- Creation of a larger market for metals and mineral products
- Enhanced opportunities for value-added processing within Africa
- Potential for development of regional metals value chains
- Reduced costs for cross-border trade in minerals

### **Mining Sector Benefits**

- Simplified procedures for equipment imports
- Enhanced mobility for technical specialists
- Harmonized standards for mining operations
- Improved policy coordination for mining development

### **Metals Processing Opportunities**

- Potential for regional smelting and refining hubs
- Access to regional markets for processed metals
- Economies of scale through market expansion
- Reduced costs for cross-border supply chains

### **Challenges**

- Infrastructure constraints
- Remaining non-tariff barriers
- Implementation capacity in some countries
- Harmonizing diverse regulatory frameworks

### **Key African Metals and Minerals**

- Platinum group metals (South Africa, Zimbabwe)
- Gold (Ghana, South Africa, Tanzania, Mali)

- Copper (DRC, Zambia)
- Bauxite/Aluminum (Guinea, Ghana)
- Iron ore (South Africa, Mauritania)
- Manganese (South Africa, Gabon)
- Cobalt (DRC)
- Chromium (South Africa, Zimbabwe)

## **Implementation Status**

### **Phase I Implementation**

- Tariff concessions being applied
- Rules of origin mostly finalized
- Initial trade under AfCFTA preferences began January 2021
- Customs procedures being aligned

### **Phase II Negotiations (Ongoing)**

- Investment protocol
- Competition policy
- Intellectual property rights
- E-commerce protocol

### **Institutional Framework**

- AfCFTA Secretariat established in Accra, Ghana
- Dispute settlement mechanism operational
- Committees on trade in goods and services functioning
- Non-tariff barriers monitoring mechanism active

## **Regional Opportunities**

### **Southern Africa**

- Well-developed mining sector
- Advanced processing capabilities
- Significant mineral exports

- Opportunities for enhanced regional integration in metals value chains

## **West Africa**

- Major gold producing region
- Growing bauxite and iron ore production
- Potential for regional processing hubs
- Focus on value addition to mineral exports

## **Central Africa**

- Critical minerals (cobalt, tantalum)
- Copper belt extending from DRC to Zambia
- Cross-border mineral deposits
- Need for harmonized mining policies

## **East Africa**

- Emerging mineral producers
- Strategic location for trade
- Growing manufacturing base
- Focus on value-added products

# **Compliance Requirements**

## **Origin Documentation**

- AfCFTA Certificate of Origin
- Approved exporter declarations
- Electronic certification being developed
- Record-keeping requirements (minimum 5 years)

## **Customs Procedures**

- Simplified declaration forms
- Pre-arrival processing
- Risk management systems

- Authorized operator schemes
- Appeal procedures

## **Standards and Technical Regulations**

- Harmonization of standards for minerals and metals
- Conformity assessment procedures
- Mutual recognition arrangements
- Technical cooperation

## **Export Controls and Restrictions**

- Protocol provisions on export restrictions
- Transparency requirements for export measures
- Special provisions for critical raw materials
- Cooperation on sustainable resource management

## **Challenges and Opportunities**

### **Infrastructure Development**

- Transport corridors connecting mining regions
- Port capacity for mineral exports
- Power supply for metals processing
- Digital infrastructure for trade facilitation

### **Value Addition**

- Moving up the value chain from raw materials
- Regional processing facilities
- Technology transfer opportunities
- Skills development in metallurgy

### **Sustainability Requirements**

- Environmental standards harmonization
- Responsible sourcing initiatives
- Climate change considerations

- Mining code alignment

## **Resource Nationalism vs. Integration**

- Balancing national interests with regional integration
- Harmonizing mining fiscal regimes
- Coordinating export policies
- Managing resource revenue sharing

## **Strategic Recommendations**

### **Short-term Actions**

- Review tariff schedules for relevant metals and minerals
- Assess rules of origin compliance for processed products
- Monitor implementation of customs procedures
- Engage with AfCFTA national committees

### **Medium-term Strategy**

- Evaluate regional value chain opportunities
- Consider strategic investments in processing facilities
- Build relationships with partners across the continent
- Monitor implementation progress and dispute resolution

### **Long-term Planning**

- Develop integrated production strategies across AfCFTA countries
- Contribute to standards harmonization efforts
- Advocate for improved infrastructure along key trade corridors
- Position for Phase II protocols on investment and competition

## **Case Studies**

### **Copper-Cobalt Value Chain**

- Mining in DRC and Zambia
- Processing potential in neighboring countries

- End-use manufacturing in South Africa and North Africa
- Reduced tariffs and simplified border procedures

## **Aluminum Value Chain**

- Bauxite mining in Guinea and Ghana
- Alumina refining opportunities
- Aluminum smelting in countries with power advantages
- Manufacturing of finished aluminum products

## **Steel Production**

- Iron ore from South Africa, Mauritania, and West Africa
- Coking coal and other inputs from various sources
- Regional steel production hubs
- Distribution of finished steel across the continent

## **Conclusion**

The AfCFTA represents a significant opportunity for the metals and minerals industry in Africa. By creating larger markets and enabling regional value chains, the agreement can help shift Africa from being primarily an exporter of raw materials to developing more value-added processing and manufacturing. While implementation challenges remain, the agreement provides a framework for more integrated and higher-value metals and minerals trade across the continent.

## **Additional Resources**

- AfCFTA Secretariat: [afcfta.au.int](https://afcfta.au.int)
- African Union: [au.int/en/cfta](https://au.int/en/cfta)
- UN Economic Commission for Africa: [uneca.org/afcfta](https://uneca.org/afcfta)
- Country-specific AfCFTA Implementation Strategies
- AfCFTA Rules of Origin Manual