

We are IntechOpen, the world's leading publisher of Open Access books Built by scientists, for scientists

6,900

Open access books available

185,000

International authors and editors

200M

Downloads

Our authors are among the

154

Countries delivered to

TOP 1%

most cited scientists

12.2%

Contributors from top 500 universities



WEB OF SCIENCE™

Selection of our books indexed in the Book Citation Index
in Web of Science™ Core Collection (BKCI)

Interested in publishing with us?
Contact book.department@intechopen.com

Numbers displayed above are based on latest data collected.
For more information visit www.intechopen.com



The COVID-19 Pandemic and African Continental Free Trade Area (AfCFTA): Exploring Potential Impacts and Developmental Implications

Edward Asiedu

Abstract

The COVID-19 pandemic has caused nontrivial disruptions to global value chains and affected the lives of many people, particularly the poor across the world. The outbreak of the COVID-19 pandemic in the early part of 2020 in Africa, happened during a time that African countries had just signed one of the world's largest trade agreements and therefore began introducing continental-level structures to strengthen free trade among member states. This chapter examines the potential effect of the COVID-19 pandemic on the agenda for free trade in Africa, both in the short and in the long-term. Specifically, the chapter explores the trading environment of firms in Africa and highlights generally the challenges faced when implementing a trade agreement in the middle of a pandemic. It also, on the other hand, highlights how trade agreement in a middle of a pandemic can be a good thing to minimize the effect of the pandemic on poor and vulnerable households in Africa. The chapter ends by highlighting the need for managing the COVID-19 pandemic to grow and sustain intra-African trade.

Keywords: Trade, Africa, African Continental Free Trade Area, COVID-19, SDGs

1. Introduction

Africa's most ambitious trade initiative, the African Continental Free Trade Area (AfCFTA) agreement, was signed and launched at the African Union (AU) Assembly on 21 March, 2018 in Kigali, with the agreement fully coming into force on 30 May, 2019. Out of the 55 member states, 34 countries have both signed and deposited their instruments of AfCFTA ratification. However, due to the political situation in Eritrea, the country has yet to join the agreement.

The AfCFTA agenda is to boost intra-African trade by around 60% by 2022. The agreement was necessitated by the low level of intra-African trade before the signing of the agreement. Data from the African Development Bank (AfDB) showed for example that trade among African countries was about 10% in 2000. Fourteen (14) years afterward, in 2014, and prior to the signing of the AfCFTA agreement, even though intra-African trade had increased, the continent recorded barely a 6%

increase in intra-Africa trade, over the 2000 base level [1]. Thus, despite the intensification of bilateral intra-African trade agreements over the past two decades, still, only 16% of international trade by African countries took place within Africa in 2014.

A number of empirical and anecdotal evidence have shown the importance of intra-regional trade on poverty reduction. For example, regional organizations' are better positioned to link regional trade to region-wide health, education, social protection, and other public goods policies, and therefore provide a platform to strengthen global, regional, and national actions on poverty reduction [2]. A number of researchers have emphasized the intra-regional trade, employment/income linkages [3–5], whereas others emphasized the intra-regional trade and investment linkages [6–8], and how these linkages do impact poverty at national and regional levels. Das [9] argues that the linkages need to be analytically understood and empirically examined to make regional cooperation initiatives development-oriented.

Nudging free trade by eliminating bottlenecks associated with intra-regional trade can be pivotal towards addressing poverty and food insecurity in many parts of Africa (see [10]). Others argue that the advantage of intra-African trade is not solely in the production and trade of raw food products and thereby reducing food insecurity, but also countries with more advanced manufacturing sectors hold potential for Africa's growth, and a reduction in imports if such countries in Africa can access the larger African market (see [1]). However, despite the need for stronger economic cooperation in developing countries, Das [9] intimate that there are very few regional economic integrations in the developing world, with many successful economic groupings found in the developed world.

For example, despite the potential effect of economic integration, evidence from ASEAN countries, namely Indonesia, Malaysia, Philippines, Singapore, and Thailand have shown the limited effect of small level integration schemes on trade. Specifically, Sharma and Chua [11], for example, found that the ASEAN integration scheme did not increase intra-ASEAN trade, but an increase in trade occurred with members of a wider Asia-Pacific Economic Cooperation (APEC) group. Kweka and Mboya [12] found that regional integration with the Southern African Development Community (SADC) and East African Community (EAC) led to increased trade and employment within the region. Evidence from the Economic Community of West African States (ECOWAS) which adopted its 'West African Common Industry Policy' in 2010 saw an increase in intra-regional trade and increased creation of high-quality jobs but faced high trade cost which prevented less productive firms from entering the regional market (see [5] for more details). For the countries of the Middle East and North Africa (MENA) in the Arab- Maghreb Union (AMU), the Greater Arab Free Trade Area (GAFTA) which was meant to increase trade between MENA countries and that of other Arab countries was initially limited to goods liberalization and did not include trade facilitation among its provisions, and therefore had little impact on regional trade due to restrictive non-tariff measures and inefficient cross-border measures (see [13, 14]). However, full trade liberalization in the GAFTA led to a significant increase in intra-regional exports, particularly for the Maghreb sub-region, where export growth reaches around 6% [13].

The African continent is made up of 55 countries and if all countries would negotiate a bilateral trade agreement with all other African countries, there would be 1,485 bilateral FTAs (55×54 divided by 2) [15]. A number of authors have argued that the multiple memberships of numerous regional economic communities (RECs) have seemingly contributed to the slow progress of inter-regional integration on the African continent [16, 17]. Thus, even though there are benefits to sub-regional bloc integration i.e., ECOWAS, EAC, SADC, and AMU, a universal

trade bloc that encompasses all the sub-regional blocs would have a much better potential to increase trade, and as such stand a chance of making a significant push towards reducing the severity of poverty in Africa. It is in this spirit, that the African Continental Free Trade Area (AfCFTA) was mooted and signed by many African countries across the various traditional economic blocs.

This chapter discusses the short and long-run effects of the COVID-19 related shocks on the success or otherwise of the African Continental Free Trade Area (AfCFTA) agreement, and how such outcomes can impact the welfare of the poor. The discussion also explores the channels through which the COVID-19 shocks are transmitted, namely through consumption, production, and market-based labor activities.

2. Background and structure of the AfCFTA agreement

After decades of emphasis on sub-regional trade blocs in Africa, the African Continental Free Trade Area (AfCFTA) agreement was finally signed and launched in 2018. The key objective of this agreement is to create a single African continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Customs Union. As an auxiliary but important objective, the agreement also hopes to boost Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations. The specific objectives of the AfCFTA are:

- a. progressively eliminate tariffs and non-tariff barriers to trade in goods;
- b. progressively liberalize trade in services;
- c. cooperate on investment, intellectual property rights and competition policy;
- d. cooperate on all trade-related areas;
- e. cooperate on customs matters and the implementation of trade facilitation measures;
- f. establish a mechanism for the settlement of disputes concerning their rights and obligations; and
- g. establish and maintain an institutional framework for the implementation and administration of the AfCFTA.

The AfCFTA is governed by five (5) operational instruments, namely, rules of origin; the online negotiating forum; the monitoring and elimination of non-tariff barriers; a digital payments system, and the African Trade Observatory. Challenges in the implementation of any of the instruments can affect the utilization of the tariff and general trade provisions under the AfCFTA. For example, complex criteria used to determine the national source of a product and how the source of intermediate products used in production are treated have impacted the extent to which firms on the continent will pursue and will be involved in the AfCFTA agenda. Therefore, procedures for the issuance of certificates of origin must follow smooth and efficient processes, at the same time minimize the risk of re-exports. Improved ICT infrastructure on the continent is imperative therefore for the

effective functioning of the online negotiation forum, obtaining online certificates of origin, the digital payments system, and the African Trade Observatory.

The broader institutional framework for the implementation, administration, facilitation, monitoring, and evaluation of the AfCFTA consists of the Assembly, the Council of Ministers, the Committee of Senior Trade Officials; and the Secretariat. For the latter, Ghana was selected to host the AfCFTA Secretariat and the Secretariat's key role as stated in the agreement, is to provide administrative support for the implementation of the AfCFTA Agreement, such as convening meetings, monitoring and evaluating the implementation process, and other duties assigned to it by the Committee of Senior Officials, Council of Ministers, and the AU Assembly.

The AfCFTA is also accompanied by other continental initiatives such as the protocol on Free Movement of Persons, Right to Residence and Right to Establishment, and the Single African Air Transport Market (SAATM) [18]. In a nutshell, the AfCFTA arrangement is expected to create the biggest free trade area in the world, based on the number of nations that have signed and ratified the agreement. The settlement therefore will join 1.3 billion individuals across 55 nations, with a consolidated Gross Domestic Product (GDP) esteemed at US\$3.4 trillion.

The expectation for this agreement is quite huge. It is expected that approximately 30 million individuals will be lifted out of poverty. Accordingly, it is expected that over-all from the agreement, the agreement will bring about \$16.1 billion in welfare gains [19]. It is also argued that the full accomplishment of AfCFTA would reshape markets and economies across the region and increase services, manufacturing, and natural resources sectors, and subsequently increase the real income gains by 7 percent or approximately US\$450 billion.¹

3. Pre COVID-19 trade

Putting the effect of the COVID-19 pandemic on the AfCFTA and trade volumes into perspective, it is important to first highlight the state of trade within Africa prior to the coming into effect of the AfCFTA. In 2016, prior to the signing of the AfCFTA, the total intra-African exports amounted to USD 62.2 billion. Earlier data from 2000 to 2010 shows relatively very low values of intra-African trade (see **Figure 1**). Over the period, intra-African imports represented an average of 14.2 percent of total African imports, while intra-African exports represent 10.4 percent of total African exports. Altogether, over the period 2000 to 2010, intra-African imports amounted to USD 29 billion whereas, intra-African exports amounted to USD 30 billion [20].

Overall, intra-African trade data have shown low levels of regional trade on the African continent prior to AfCFTA and the pandemic (see **Figure 2**). Total exports, for example from the Northern African region to other countries in the northern region, amounted to 5% in 2011, whereas exports from the Northern African region to the other individual regions on the continent amounted to 1% or less of total exports [16, 21]. Total export within a region is highest for exports within the Eastern bloc (EAC), where total exports from the Eastern Africa African region to other countries in the east amounted to 15% in 2011. For the other regions, exports within a bloc are less than 10%. For example, total exports from the Southern African region to other countries in the south, and that from Western Africa to other countries in the west accounted for 8% of the bloc's exports. As shown by

¹ <https://theindependentghana.com/2020/07/world-bank-forecasts-afcfta-to-boost-africas-income-by-us450bn/>

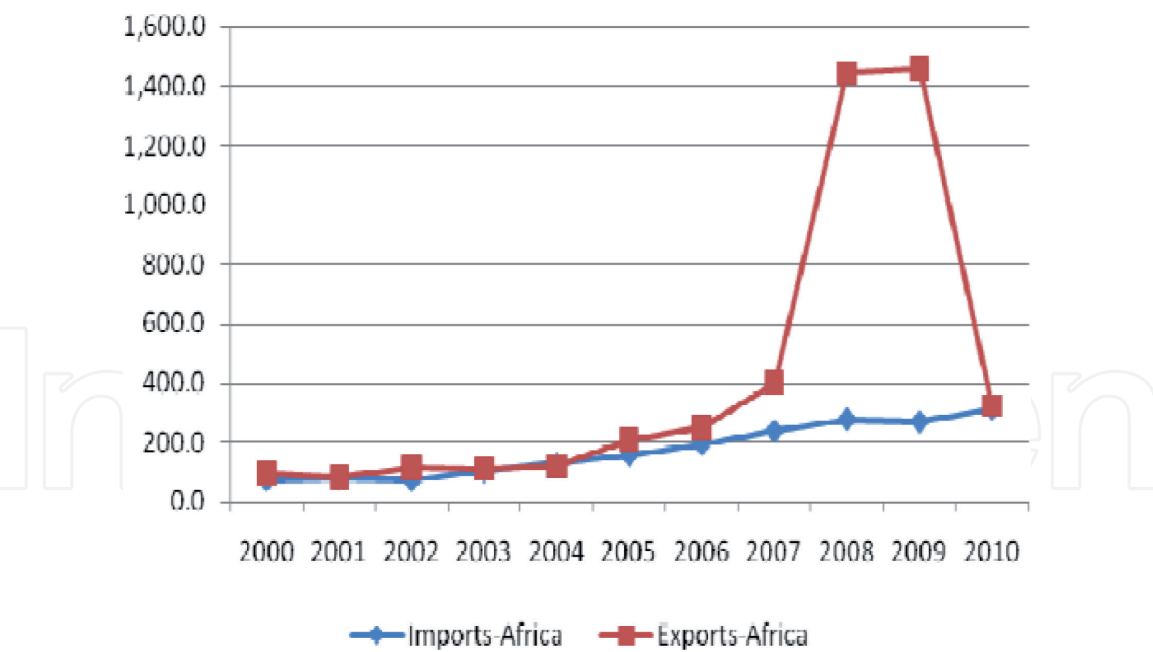


Figure 1.
Intra-African trade from 2000 to 2010 (billions of US dollars). Source: Statistics division, AUC.

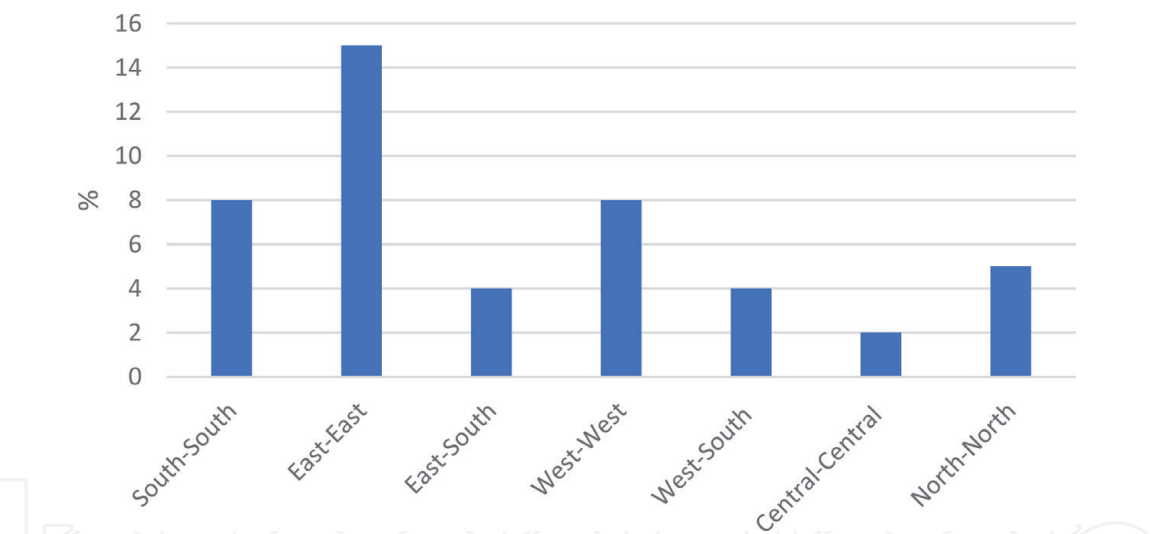


Figure 2.
Inter-African trade within blocs 2011. Source: Jordaan [16].

Figure 2, prominent inter-bloc trade took place between the east and south (EAC-SADC), and west and south (ECOWAS-SADC), which accounted for 4% of total exports in both cases.

Table 1 below highlights some major bilateral intra-African exports on the continent prior to the signing of the AfCFTA agreement in 2017.

Table 1 indicates that the largest single value of bilateral trade took place between Nigeria and South Africa, followed by Ghana and South Africa. Overall, the share of intra-African exports as a percentage of the continent’s total exports stood at 16.6% in 2017 [22]. From the data, the top five (5) intra-African exporters are South Africa, Nigeria, Ghana, Angola, and Algeria. The expected benefits from the AfCFTA will to a large extent depend on the country’s pre- AfCFTA bilateral intra-African trade volumes. Countries with a lower share of pre- AfCFTA intra-African trade will benefit significantly from this agreement.

Exporter	Importer	Value (USD '000)	% of total intra-African exports
Nigeria	South Africa	1,892,285	3.0%
Ghana	South Africa	1,362,906	2.2%
Angola	South Africa	982,401	1.6%
South Africa	Dem Rep. of the Congo	782,502	1.3%
South Africa	Angola	562,933	0.9%
South Africa	Kenya	556,610	0.9%
Algeria	Morocco	499,056	0.8%
Mali	South Africa	474,239	0.8%
Nigeria	Cameroon	467,079	0.8%
Egypt	Algeria	464,406	0.7%

Source: TWN, [15].

Table 1.
Major bilateral export relationships.

Data from West Africa is quite interesting in terms of highlighting the composition of intra-African trade. Von Uexkull [5] noted that for some countries the share of manufactured good is substantially higher among other ECOWAS countries than exports to global markets. For example, Benin exports manufactured food, beverages and Tobacco and some construction materials (steel and cement) to the ECOWAS countries while for the rest of the world their main export is cotton. Cote d’Ivoire exports mainly refined petroleum products to ECOWAS and cocoa/cocoa butter to the rest of the world. For Ghana, the country exports manufactured wood, plastic and textiles to ECOWAS, semi-processed gold to South Africa and mainly cocoa to the rest of the world. Togo, the country with the highest share of intra-ECOWAS trade (59%) exports steel, cement, packaging materials and food products (margarine, flour, mineral water) to ECOWAS and cocoa/mining phosphates to the rest of the world (see [5] for a detailed breakdown of intra-ECOWAS trade).

Trends in the share of total merchandised export of the top five (5) countries in Africa’s export (see **Figure 3**) prior to the pandemic provides evidence on the potential of AfCFTA in improving total trade volumes for countries with traditionally small levels of export. The data as presented in **Figure 2** shows that, from the 1980s, except Angola and Morocco that has experienced marginal increases in their African export shares, large countries such as South Africa, Nigeria, and Algeria has seen a decline in their share of Africa’s export. One would expect that the structures instituted under the AfCFTA will empower not only the traditionally large export countries in Africa but also help empower small countries with low trade potentials and limited pre- AfCFTA export volumes to expand export.

In addition, data collected prior to the agreement and outbreak of the COVID-19 pandemic showed that the majority of enterprises in Africa considered customs and trade regulations as a major constraint to trade. Precisely, Stuart [24] found that the percentage of African enterprises identifying customs and trade regulations as a major constraint is almost 40% higher in Africa than in the rest of the world. The AfCFTA aims to eliminate import duties and reduce non-tariff barriers significantly. Thus, improving trade procedures through enhanced trade facilitation should reduce bottlenecks associated with intra-African trade.

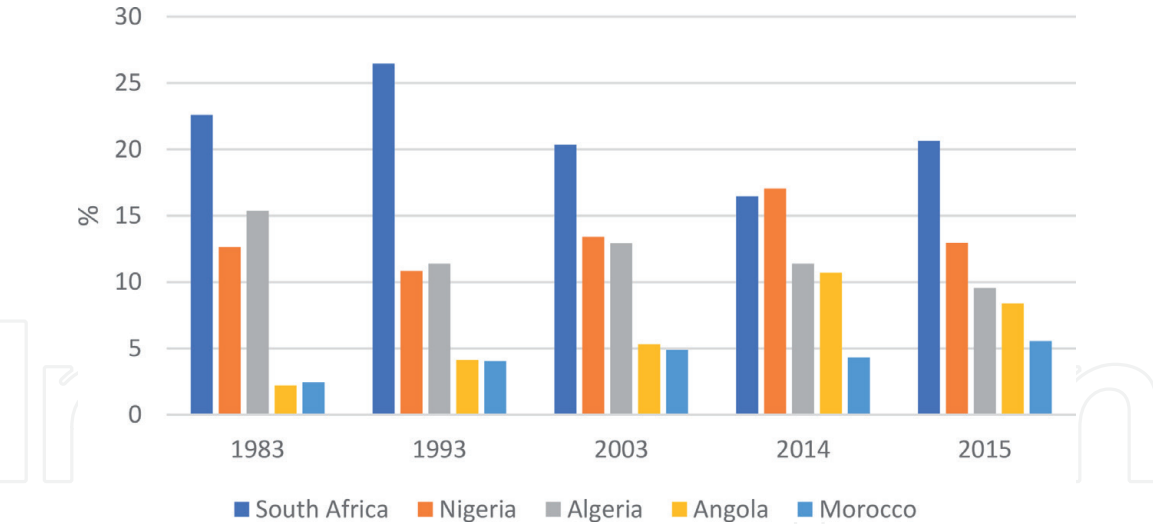


Figure 3.
Share (%) of top five countries in Africa exports. Source: Verter [23].

We argue that despite the enormous potential in using intra-regional trade to help reduce poverty and food insecurity in some part of Africa, the strength of these linkages both in the short and long-term will depend on the direct effect of the COVID-19 pandemic on the implementation of the trade agreement, and on the institutional structures that are in nascent stages.

4. COVID-19 impacts

Mold and Mveyange [25] found a large increment in the volume of Kenya’s total export in the first quarter of 2020 (prior to the outbreak of the pandemic in Africa), attributed partly to intra-African trade that was beginning to intensify due to the enhanced effort under the AfCFTA framework. There is however now increasing fear and hesitation around the world due to the Covid-19 pandemic, which has led to a new set of behaviors [26]. For Africa, about 0.5 percent of the population is confirmed to have contracted COVID-19 [27]. The financial interdependency and multilateral regulations that globalization stressed some decades ago, are now facing daunting and unsettling threats. As the pandemic and its impacts continue to extend deep, with both health and economic consequences taking a toll on most developing countries, trade has not been spared. Thus, although the AfCFTA addresses several tariff and non-tariff barriers, the COVID-19 pandemic has the potential to erode the potential benefits of this agreement. We explore the effect of the pandemic on the AfCFTA agreement, consumption, production, and market-based labor activities, with implications for volumes of trade in the middle of a pandemic.

4.1 Impact on the AfCFTA agreement

The Covid-19 pandemic could erode the expected benefits of the AfCFTA agreement.² The global spread of the pandemic has strong implications for trade and mobility [28]. This is the first direct effect the COVID-19 pandemic have had on the implementation of the AfCFTA agreement itself. The fulfillment of AfCFTA was deferred due to the pandemic, hence the AfCFTA agreement which was planned to start on 1st of July, 2020 was postponed to 1st January, 2021 [29].

² The Coronavirus Virus (COVID-19), first discovered in Wuhan City of China in December 2019. It has now spread over the globe.

COVID-19 management systems instituted by countries at a time the AfCFTA was in its critical phase of implementation have directly impacted intra-African trade. These measures have included travel bans, border closures, mandatory quarantine, partial lockdowns, and total local lockdowns. Negotiation of key aspects of the agreements such as Rule of Origin and Schedules of Tariff Concession stalled due to the outbreak of COVID-19, as some of these aspects of the agreement require physical contacts to achieve full operationalization of the agreement. In all, the pandemic caused a six-month delay of the AfCFTA agreement.

At the administrative level, the pandemic has affected the organization of the second biennial Intra African Trade Fair (IATF) which was slated for 2020 but delayed until somewhere in 2021. The fair was to provide a platform for stakeholders to share trade, investment, and market information aimed at supporting intra-African trade and African economic integration [29].

4.2 Impact on consumption, production, and market-based labor activities

The COVID-19 pandemic has led to instabilities in Africa's supply chains, notwithstanding tumbling oil costs and a lessened worldwide interest for African non-oil products. Thus, despite the fall in oil prices, weak African and global demand precipitated by the COVID-19 pandemic has affected production on the continent. A decrease in intra-African and global exports from Africa have affected revenues and growth across countries in Africa. It is projected that Africa may lose half of its GDP with growth falling from 3.2 percent to about 2 percent due to the disruption of global supply chains (Africa [30]). As observed by Sachs and Malaney [31] large-scale viral diseases can have a significant long-term impact on GDP and per-capita income.

The fall in oil price has also directly placed excessive economic and monetary risk on countries like Angola, the Democratic Republic of the Congo (DRC), Nigeria, and other importing African countries. In addition, China where the virus was first discovered, is the biggest trading investor of many countries in Africa prior to the spread of the virus [32]. The U.S Energy Information Administration also projects that the United States will likely take years to return to 2019 levels of energy consumption.³ All these developments will affect the GDP and employment in many of the oil-producing countries in Africa.

The United Nations Development Programme (UNDP) suggested that the COVID-19 crises could result in huge unemployment in Africa, where unemployment was already a major problem prior to the pandemic [33]. The pandemic also affected the nature of work, with many workers working fewer hours post lockdown, to minimize exposure to the virus. The closing down of mines and factories, changes in nature of work, and shortages of imported inputs due to the lockdown measures imposed by many African countries, have affected production, export, earnings, and wellbeing in Africa in the next couple of years.

Aside from production, at the micro-level, Durizzo et al. [34] have shown that the pandemic negatively affected household consumption and welfare in Ghana and South Africa. Similar evidence of reduced consumption is also found for many of the major countries that Africa trades with. For example, Chen et al. [35] have found long-term impacts of the COVID-19 pandemic on consumption using high-frequency transaction data.

Data from the European Union shows a 17.3% year-on-year decline in household final consumption expenditure.⁴ Lower levels of consumption within Africa on one hand, and in the other trading partners on the other have all affected demand

³ <https://www.eia.gov/todayinenergy/detail.php?id=46636>

⁴ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20201110-2>

for African goods. All these changes in consumption have led to reduced demand for African products, and as such led to a significant reduction in production and employment. Data from the International Labour Organization (ILO) suggests that approximately 1.6 billion informal economy workers and 436 million enterprises were significantly impacted by the pandemic and the lockdown measures, with many of the affected being women-owned and managed firms, and firms managed by persons with disabilities (PWDs).⁵ It is therefore important to put in policies to limit income loss for both formal and informal sector employees, in order to minimize poverty and vulnerability on the African continent.

Industrial production in Africa is not spared. The pandemic has slowed demand for Africa's agricultural export products, and therefore putting the jobs and livelihoods of many households at risk. It has also disrupted the supply chain for agricultural inputs such as improved seeds, fertilizers, crop protection products, equipment, etc., from neighboring countries. Poor infrastructure and the high cost of doing business were already challenging intra-African trade prior to the pandemic. The pandemic has exacerbated the problem and has created challenges on both the supply and demand-side. Overall, industrial production in Africa is estimated to have decreased by 1.2% due to COVID-19 induced factory shut-downs. Similar reductions in production are recorded for Africa's trading partners. Production losses in Africa will continue to increase if infection rates continue to increase and factory shutdowns are reinstated to curb the spread of the pandemic.

Remittances, an important income source of household income for household production and consumption have been affected significantly by the pandemic. Thus, the pandemic has led to reduced mobility, increased restrictions, affecting FDI flows, tightening the domestic financial market, and leading to heightened unemployment.

In a nutshell, disruption in supply chains for production inputs, falling demand for Africa's production, near collapse of tourism and hospitality sectors, reduced remittances, high fiscal deficits, and the observed depreciation of local currencies have heightened existing household vulnerabilities. The region remains vulnerable to health shocks due to the undeveloped health systems in many African countries. Vaccine rollout as of February 2021 had been very slow across the continent, even though infection and death rates are rising. Failure to address these long and short-term challenges can affect production and slow trade for many African countries.

4.3 COVID-19, gender and trade

Examining the effect of the pandemic through a gender lens will help to tailor trade support for women involved in the intra-African trade. Experience from the Ebola virus showed that quarantines significantly reduce livelihood activities, and exacerbating poverty rates among women. Women are predominantly involved in the small cross-border trading in Africa. Many of the measures instituted by African countries to curb the spread of the pandemic, such as the mandatory quarantines at the borders, national-level lockdowns, and limitation on mobility have all impacted the trade activities of women involved in cross border trading. The COVID-19 impacts are felt especially by women who generally outnumber men in the informal trade sector, and across many countries are earning less. Thus, women traders, compared to men, who have low savings and capital will be disproportionately impacted by the pandemic and the associated mitigation measures.

⁵ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf

It is crucial for policymakers in Africa to consider cross-border traders as essential staff requiring priority in any pandemic vaccination rollout. Continued engagement with informal trade associations along the land borders of Africa is imperative to sustain intra-African trade in the middle of a pandemic. Training of women involved in cross-border trading on the digital tools needed for the key aspects of the agreements such as the rule of origin, schedules of tariff concession, and digital payments system are critical to limited exposure to the COVID-19 virus.

In a nutshell, females' involvement in intra-African trade is crucial for the overall AfCFTA agenda, and therefore there is the need for targeted support for women involved in the cross-border trading with the African continents. Support can take the form of stimulus packages, early vaccination, free COVID-19 tests, and education on the virus to curb the spread of the virus among this group and at the same time sustain intra-African trade.

4.4 Opportunities in the middle of a pandemic

The pandemic does not only present negative effects but also provides the African continent and the AfCFTA agreement the chance to explore new ways of engagements, new markets, new products, and the opportunity and time to devise ways to mitigate the effect of the pandemic on trade and welfare. Thus, despite the short-term poor outlook, the pandemic has presented some opportunities that could translate into long-term increased opportunities for industry growth and employment.

The pandemic and the associated restriction on mobility has also presented an opportunity for African countries to reinforce local production and intensify import substitution of many products and the heightened need to the intra-African supply chains in order to better deal with any future pandemics. For example, in terms of pharmaceuticals, Africa spends quite a lot to import drugs from Europe and Asia, regions that have experienced huge disruptions in their supply chains. African countries with the capacity for the production of pharmaceuticals can be supported under the umbrella of AfCFTA to increase inter-regional trade of pharmaceuticals, for mutual intra-African economic benefits. With Africa plagued with many diseases, local production of all forms of pharmaceuticals will help to create sustainable long-term jobs and improve wellbeing.

Intra-African trade can be leveraged to deal with persistent and COVID-19 induced food insecurity. With a number of African countries being net exporters of food and with many others importing food from Europe and Asia, the pandemic provides the opportunity for strengthening food value chains and infrastructure under the AfCFTA. Thus, food can easily be moved from countries that have food surpluses to those that have food deficits if under AfCFTA transportation networks in Africa are improved.

In addition, despite the disruption of the international supply chain and delays in export/import channels, some companies particularly in the telecommunication sector have reported positive growth in revenues. AfCFTA can also leverage the improved internet connectivity on the African continent to enhance trade negotiation and drive-up volumes of trade transactions within Africa. Thus, as the world struggles to deal with both the health and economic effects of the COVID-19 pandemic and forestall trade, it can be said that the AfCFTA agreement is coming in at the right time.

5. Conclusion

The COVID-19 pandemic has imposed nontrivial cost on all economic agents, with implications expected to last for a while. While the pandemic has had

consequences for trade and mobility, it has highlighted the need for strengthening value chains in general, and intra-African trade structures to be specific, in order to position Africa to better deal with any unforeseen future pandemic. This chapter explored the current and potential impacts of the COVID-19 pandemic on the African Continental Free Trade Area (AfCFTA) agreement, highlighting the effects on the trade agreement itself, trade volumes – driven by the pandemic induced-changes in consumption, production and labour markets –, and women on the intra-African trade corridors. The chapter also highlights the opportunities that African countries can take advantage of even in the middle of the pandemic. Thus, the chapter ends on the not that while Africa deals with the crisis, it must use the opportunity to strengthen African institutions, to improve trade far beyond the COVID-19 pandemic.

Abbreviation

AfDB	African Development Bank
AfCFTA	African Continental Free Trade Area
AMU	Arab Maghreb Union
AU	African Union
AUC	African Union Commission
CEN-SAD	Community of Sahel-Saharan States
COVID	Coronavirus Disease
COMESA	Common Market for Eastern Southern Africa
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
FDI	Foreign Direct Investment
GDP	Gross domestic product
IATF	Intra African Trade Fair
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organization
PWDs	Persons with disabilities
REC's	Regional Economic Communities
SAATM	Single African Air Transport Market
SADC	Southern African Development Community
SARS.	Severe Acute Respiratory Syndrome
TFTA	Tripartite Free Trade Area
UMA	Arab Maghreb Union
UNDP	United Nations Development Programme
WHO	World Health Organization

IntechOpen

IntechOpen

Author details

Edward Asiedu
University of Ghana Business School (UGBS) and Chair of Development
Economics, University of Passau, Germany

*Address all correspondence to: edasiedu@ug.edu.gh

IntechOpen

© 2021 The Author(s). Licensee IntechOpen. This chapter is distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/3.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. 

References

- [1] AfDB/OECD/UNDP (2017), *African Economic Outlook 2017: Entrepreneurship and Industrialisation*, OECD Publishing, Paris, <https://doi.org/10.1787/aeo-2017-en>.
- [2] Yeates, Nicola (2014) "Global Poverty Reduction: What can regional organisations do?"
- [3] Anyanwu, J. C. (2014). Does intra-African trade reduce youth unemployment in Africa?. *African Development Review*, 26(2), 286-309.
- [4] Mashayekhi, M., Peters, R., & Vanzetti, D. (2012). Regional integration and employment effects in SADC. *Policy priorities for international trade and jobs*, 387.
- [5] Von Uexkull, E. (2012). Regional trade and employment in ECOWAS. *Policy Priorities for International Trade and Jobs*, 415.
- [6] Clegg, J., Forsans, N., & Reilly, K. T. (2003). Increasing the size of the 'country': regional economic integration and foreign direct investment in a globalized world economy. In *The Changing Global Context of International Business* (pp. 191-217). Palgrave Macmillan, London.
- [7] Habiyaemye, A. (2019). Enhancing productive capabilities through intra-regional trade and cross-border investments in Southern Africa. *Development Southern Africa*, 36(4), 409-425.
- [8] Shuaibu, M. (2015). Trade liberalization and intra-regional trade: a case of selected ECOWAS countries. *African Development Review*, 27(1), 27-40.
- [9] Das, R. U. (2011). Regional trade-FDI-poverty alleviation linkages—some analytical and empirical explorations. *Regional Integration, Economic Development and Global Governance*, 149.
- [10] FAO, ECA and AUC. 2020. Africa Regional Overview of Food Security and Nutrition 2019. Accra. <https://doi.org/10.4060/CA7343EN>
- [11] Sharma, S. C., & Chua, S. Y. (2000). ASEAN: economic integration and intra-regional trade. *Applied Economics Letters*, 7(3), 165-169.
- [12] Kweka, J., & Mboya, P. (2004). *Regional Integration and Poverty: A case study of Tanzania*. Working Paper. Economic and Social Research Foundation, Dar es Salaam.
- [13] Boughanmi, H. Regional integration in the MENA region: Deepening the Greater Arab Free Trade Area through trade facilitation. *Trade costs and inclusive growth*, 221. 2016
- [14] Shui, L., & Walkenhorst, P. (2010). Regional integration: Status, developments, and challenges. *Trade Competitiveness of the Middle East and North Africa—Policies for Export Diversification*, The World Bank, Washington, DC, 267-297.
- [15] TWN (2019) AfCFTA Phase 1 Negotiations: Issues and Challenges for Eastern Africa, A Third World Network - Africa Publication. <http://twnafrica.org/wp/2017/wp-content/uploads/2019/10/AfCFTA-Phase-1.pdf>
- [16] Jordaan, A. C. (2014). Regional integration in Africa versus higher levels of intra-Africa trade. *Development Southern Africa*, 31(3), 515-534.
- [17] UNECA (United Nations Economic Commission for Africa) (2010). *Assessing Regional Integration in Africa, IV: Enhancing Intra-African Trade*. ECA Publications and

Conference Management Section (PCMS), Addis Ababa, Ethiopia.

[18] Songwe, V. (2019). Intra-African trade: A path to economic diversification and inclusion. *Coulibaly, Brahim S.: Foresight Africa: Top Priorities for the Continent in*, 97-116.

[19] UNCTAD (2016): African continental free trade area: Policy and negotiation options for trade in goods. Geneva: United Nations Conference on Trade and Development (UNCTAD)

[20] AUC (African Union Commission) (2012). Status of Intra-Africa Trade. African Union Publication. https://au.int/sites/default/files/documents/32853-doc-status_of_intra-africa_trade_final_version.pdf

[21] UNCTAD, *Building the African Continental Free Trade Area: Some Suggestions on the Way Forward*, Policy Paper, UNCTAD/DITC/2015/1. Geneva: UNCTAD, 2015.

[22] Ndonga, D., Laryea, E., & Chaponda, M. (2020). Assessing the potential impact of the African continental free trade area on least developed countries: A case study of Malawi. *Journal of Southern African Studies*, 46(4), 773-792.

[23] Verter, N. (2017). International trade: the position of Africa in global merchandise trade. *Emerging issues in economics and development*, 64-89.

[24] Stuart, J. 2020. Comparing the Trading Environment for Enterprises in Africa's RECs: Lessons from Firm-Level Data. Tralac Trade Brief No. S20TB07/2020.Stellenbosch:tralac.

[25] Mold, A., & Mveyange, A. (2020). The Impact of the COVID-19 Crisis on Trade: Recent Evidence from East Africa.

[26] James, H. (2020, October). Could coronavirus bring about the 'waning of

globalization'. In *World Economic Forum*. [Internet]. [cited 2020 May 17]. Available at: <https://www.weforum.org/agenda/2020/03/globalization-coronavirus-covid19-epidemic-change-economic-political>

[27] COVID-19 Map 2020 – This should be replaced by a footnote link to the WHO COVID-19 Map. <https://covid19.who.int/>

[28] Cohen, M. J. (2020). Does the COVID-19 outbreak mark the onset of a sustainable consumption transition?

[29] AU. 2020. The Intra-African Trade Fair (IATF2020) Postponed due to COVID-19. Available at <https://au.int/en/pressreleases/20200429/intra-african-trade-fair-iatf2020-postponed-due-covid-19>

[30] Africa Renewal. (2020). ECA estimates billions worth of losses in Africa due to COVID-19 impact.

[31] Sachs, J., & Malaney, P. (2002). The economic and social burden of malaria. *Nature*, 415(6872), 680-685.

[32] Devermont, J. & Olander, E. (2020). COVID-19 is an African Political Crisis as much as a Health and Economic Emergency [cited 2020 Apr 20]. Available from: <https://www.csis.org/analysis/COVID-19-african-political-crisis-much-health-and-economic-emergency>

[33] Yaya, S., Otu, A., & Labonté, R. (2020). Globalisation in the time of COVID-19: repositioning Africa to meet the immediate and remote challenges. *Globalization and Health*, 16(1), 1-7.

[34] Durizzo, K., Asiedu, E., Van der Merwe, A., Van Niekerk, A., & Günther, I. (2021). Managing the COVID-19 pandemic in poor urban neighbourhoods: The case of Accra and Johannesburg. *World Development*, 137, 105175.

[35] Chen, H., Qian, W., & Wen, Q.
(2020). The impact of the COVID-19
pandemic on consumption: Learning
from high frequency transaction data.
Available at SSRN 3568574.

IntechOpen

IntechOpen