

AFCTA – REMARKABLE FEAT ON THE NEGOTIATIONS ON RULES OF ORIGIN AND THE INTRODUCTION OF A PAYMENT GATEWAY



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At the 8th meeting of AfCFTA Council of Ministers convened in Accra from 28-29 January 2022, some remarkable progress was recorded with regard to the implementation of AfCFTA (“AfCFTA, free trade pact”). Key take-home were:

- The addition of 850 products to existing products with agreed rules of origin;
- The launch of the Pan African Payments and Settlement Systems.





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Rules of Origin and Product listing

Rules of Origin are laws, regulations and administrative procedures crucial to the determination of the national origin of a product. They are a “passport” enabling goods to circulate duty-free within a free trade area (FTA) as long as these goods qualify as originating from any of the member states operating within the FTA. These rules vary from country to country.



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Under the AfCFTA, state parties are required to progressively eliminate import duties or charges of equivalent effect on goods originating from the territory of other state parties in accordance with their schedule of tariff concessions. These tariff concessions/preferences are available only to products demonstrated to be of economic origin of one or more state parties.



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In relation to the requirements on tariff concessions, the free trade pact requires that 90% of the tariff lines are eliminated with regards to non-sensitive goods, whilst 7% of the remaining tariff line has been categorized as sensitive goods and 3% are categorized as products which can be excluded from tariff liberalization . AfCFTA requires Non-Least Developed Countries (“non-LDC’s”) to liberalize tariffs on non-sensitive goods over a period of 5 years, and Least Developed Countries (LDCs) to do same over a period of 10 years. Additionally, tariffs on sensitive goods are to be liberalized by non-LDC’s

over a period of 10 years and LDCs over a period of 13 years . Generally, sensitive goods refer to domestic products whose viability maybe threatened by the importation of similar products. Accordingly, sensitive goods are usually given longer periods for tariff reductions or elimination in trade agreements. Currently the total number of products having their rules of origin agreed to and permitted to be traded in the FTA is estimated to be 3800 with the addition of 850 products, this constitutes 88% of the product listing under the different tariff lines.



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The Pan-African Payments and Settlement Systems

The Pan-African Payments and Settlement Systems (PAPSS) was developed by the AfCFTA Secretariat in partnership with Afriximbank to ease cross-border payment transactions and eliminate the challenges of currency conversion in inter-African trade. So far, it has been successfully piloted in the six countries that make up the West African Monetary Zone (WAMZ); Nigeria, the Gambia, Sierra Leone, Liberia, Ghana and Guinea.



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