

Faculti Summary

<https://faculti.net/designing-preferential-rules-of-origin-for-the-afcfta/>

The paper examines how preferential rules of origin adopted by various regional economic communities in Africa impact trade. It focuses on the East African Community, ESA (Eastern and Southern Africa) regional mechanisms, and the newly proposed African Continental Free Trade Area (AfCFTA). The study aims to learn from the experiences of these communities to inform the design of rules of origin under the AfCFTA, which is intended to promote intra-African trade by eliminating tariffs, reducing non-tariff barriers, and enhancing regional value chains.

Rules of origin are classified into preferential and non-preferential categories, with the former determining the eligibility of goods for preferential treatment in trade agreements. The paper indicates that existing regional rules have often failed to promote trade among member countries and at times hindered economic integration. Key challenges include complex compliance requirements, lack of uniform application and interpretation across regions, inefficient issuance of certificates of origin, limited awareness of rules among businesses, and restrictive provisions that favor larger economies over smaller ones.

Lessons from regional experiences for the AfCFTA include simplifying rules, offering flexibility to accommodate different producers, better training and capacity-building initiatives for officials and businesses, and establishing effective dispute resolution mechanisms. Despite launching the AfCFTA in 2021, the expected trade levels have not materialized, prompting the African Union to initiate the Guided Trade Initiative to assess and improve the framework of the AfCFTA, focusing on addressing gaps and enhancing efficiency moving forward.