

HINA SHIP

International Trade Centre

**OIZ** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

# Frequently asked questions on the African Continental Free Tra Agreement (AfCFTA)

# A: Top-10 questions from Public

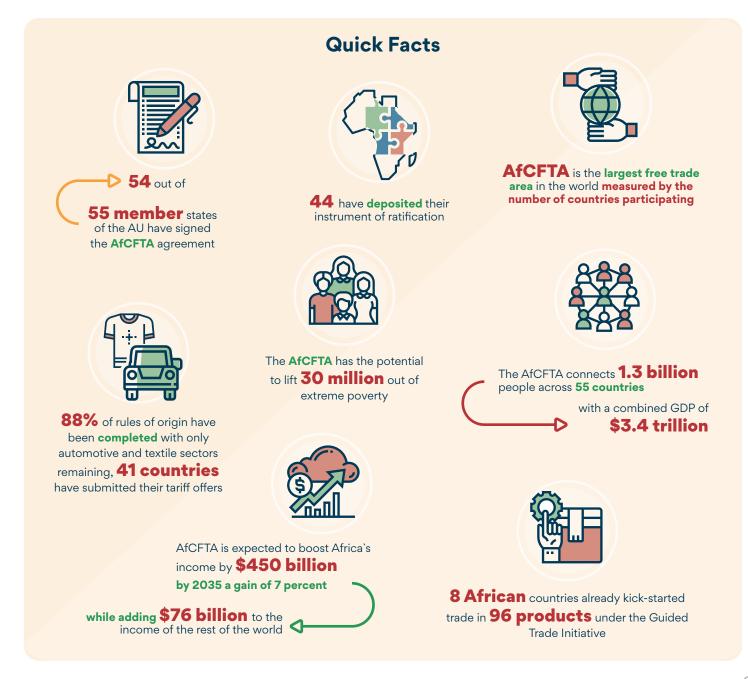
### A.1. What is the AfCFTA?

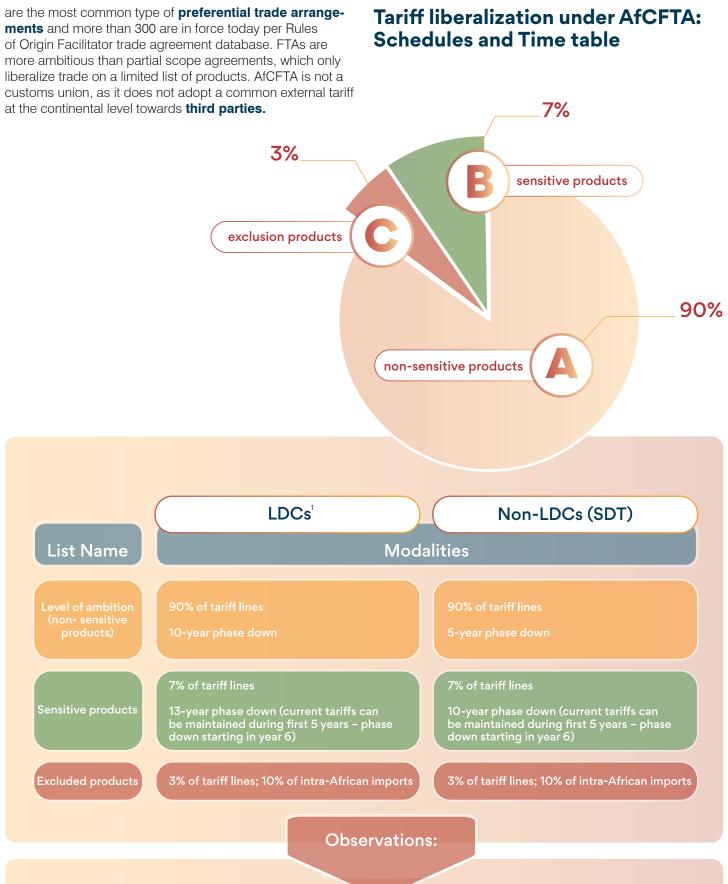
According to **Agenda 2063**, the **African Union's (AU)** flagship project is the **African Continental Free Trade Area (AfCFTA)<sup>1</sup>.** It provides a member-driven road map for achieving sustainable and inclusive development on the continent. Its objective is to create an integrated market for the trade in goods and services, as well as the free movement of people and capital.

With a combined GDP of an estimated US\$ 3.4 trillion, the pact links 1.3 billion people living in different parts of the continent, according to **AfCFTA Factsheet.** The AfCFTA

is the largest free trade pact in the world in terms of the number of signatories, which promises to turn Africa into a modern, industrialized, cohesive, and influential player on the global stage. Members are initially required to remove tariffs from 90% of goods per **AfCFTA Tariff Modalities**, eventually allowing free access to at least 97% of goods and most of services across the African continent.

In ITC's taxonomy of trade agreements, AfCFTA falls into the category of free trade agreements (FTA), as it liberalizes substantially all trade among participating countries. FTAs





### The tariff phase down will be linear. However, the parties can complement it with a request-offer approach. They can also accelerate tariff cuts on a reciprocal basis.

Source: Agreed negotiating modalities of AfCFTA (TI/AfCFTA/AMOT/3/TIG/MOD/FINAL, restricted)

Notes: 1/ Special and differential treatment (SDT) for 32 LDCs: Angola, Benin, Burkina Faso, Burundi, the Central African Republic, Chad, the Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia.

## A.2. Why does Africa need the AfCFTA?

African trade integration has long been constrained by deteriorating border and transportation systems, as well as a patchwork of unique legislation in dozens of markets. Governments frequently create trade barriers to protect their home markets from regional competition, making trading with close neighbors more expensive than trading with nations considerably further away.

According to UNCTAD's **Economic Development in Africa Report 2019**, intra-African exports made up 16.6% of all exports in 2017 compared to 68.1% in Europe, 59.4% in Asia, 55% in America, and 7% in Oceania. The average of intra-African exports and imports, or intra-African trade, was roughly 15.2% between 2015 and 2017. The share of exports from Africa to the rest of the world ranged from 80% to 90% during the period from 2000 to 2017 – only Oceania had a higher export dependence on the rest of the world in that period.<sup>2</sup>



## A.3. What are the milestones in the AfCFTA negotiations?

In 2012, the Assembly of Heads of State and Government of the AU (the successor of the Organization of African Unity – OAU) agreed upon the idea of the Continental Free Trade Area (CFTA). In January 2015, the AU launched its 50 years' vision & action plan "Agenda 2063: The Africa We Want", which contains seven aspirations on several topics with regards to development, and the CFTA is one of the flagship projects of the First Ten Year Implementation Plan under the AU's Agenda 2063.<sup>3</sup>

In June 2015, the AU's Heads of State and Government meeting started the negotiations toward a CFTA. Phase 1 of the negotiations has covered trade in goods and trade in services. Phase 2 will cover areas of Investment, Intellectual Property Rights and Competition Policy.

In January 2018, the name African Continental Free Trade Area (AfCFTA) was adopted by the AU. On 21st March 2018, the Agreement establishing the AfCFTA was adopted by the 10th Extraordinary Session of the Assembly in Kigali, Rwanda.<sup>4</sup>



#### January 2012 - Addis Ababa, Ethiopia

The 18th Ordinary Session of the AU Assembly of Heads of States and Government adopted the Decision on « Fast tracking the establishment of the African Continental Free Trade Area (AfCFTA) for Boosting Intra-African Trade »

#### June 2015 – Johannesburg, South Africa

The 25th Ordinary Session of the AU Assembly of Heads of States and Government launched the negotiations for the establishment of the African Continental Free Trade Area (AfCFTA)

#### March 2018 - Kigali, Rwanda

At the 10th Extraordinary Session of the AU Assembly of Heads of States and Government, 44 of the 55 African Union Member States signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA)

#### 30 May 2019 – Addis Ababa, Ethiopia

Entry into force of the AfCFTA Agreement, after the 22nd deposit of instrument of ratification by the Saharawi Republic on 29 April 2019

#### July 2019 - Niamey, Niger

The 12th Extraordinary Session of the AU Assembly of Heads of States and Government launched the operational phase of the AfCFTA. Start of trading under the AfCFTA Agreement began on 1st January 2021

#### 10 February 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene was elected first Secretary-General of the AfCFTA on 10th February 2020, at the 33rd Ordinary Session of the Assembly of the Union in Addis Ababa, Ethiopia

#### 19 March 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene is sworn-in on 19 March 2020 as first Secretary-General of the AfCFTA at the African Union Headquarters in Addis Ababa, Ethiopia

#### 17 August 2020 – Accra, Ghana

The Official handover and Commissioning of the African Continental Free Trade Area (AfCFTA) Secretariat Building

#### 1 January 2021 – Johannesburg, South Africa

Start of Trading under AfCFTA. 13th Extraordinary Session of the AU Assembly on the AfCFTA

### A.4. When did the AfCFTA come into force?

According to Article 23 of the Agreement Establishing the African Continental Free Trade Agreement (AfCFTA), entry into force occurs 30 days after the 22nd instrument of ratification is deposited with the Chairperson of the African Union Commission (AUC) – the designated depositary for this purpose. The Agreement entered into force on 30 May 2019 for the 24 countries that had deposited their instruments of ratification by this date.

The operational phase of the AfCFTA was launched during the 12th Extraordinary Session of the Assembly of the Union on the AfCFTA in Niamey, Niger on 7 July 2019. Start of trading under the AfCFTA Agreement began on 1 January 2021, however, no trade has taken place until recently under the AfCFTA regime due to challenges in implementation such as completion of negotiations on rules of origin.

By December 2022, 44 of the 54 signatories (81.5%) have deposited their instruments of AfCFTA ratification.<sup>5</sup>

By December 2022, 44 of the 54 signatories (81.5%) have deposited their instruments of AfCFTA ratification. In October 2022, the **AfCFTA Guided Trade Initiative** was launched which pilots AfCFTA preferential trade among eight member states (Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia) for 96 identified commodities, including ceramic tiles, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fibre, amongst others, in line with the AfCFTA focus on value chain development. The first shipments under the Guided Trade Initiative to benefit from AfCFTA Certificate of Origin included Rwanda's instant coffee and Kenya's batteries destined to Ghana. <sup>6</sup>

#### 66

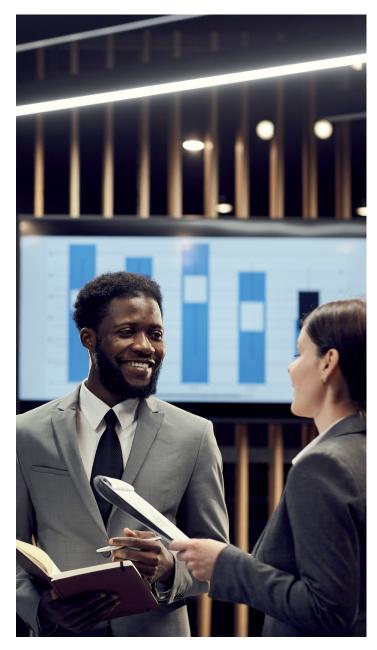
Given the significant progress achieved in the Phase 1 negotiations, the Assembly of African Union Heads of State and Government on 5th December, 2020 authorised the start of trading in goods using the AfCFTA preferences from 1st January, 2021. January 2021, therefore, marked the beginning of a monumental milestone in Africa's inte gration history, as the continent opened its markets under the Continental Free Trade Area. With the implementation of the Phase 1 Protocol on trade in Goods flagged off, it is now possible to trade in 'Made in Africa' goods across the continent or between RECs. Despite these significant achievements, we still have a long way to go and this is not the time to take our feet off the gas pedal.

**"Mene Wamkele**, Secretary-General of the AfCFTA Secretariat in January 2021"

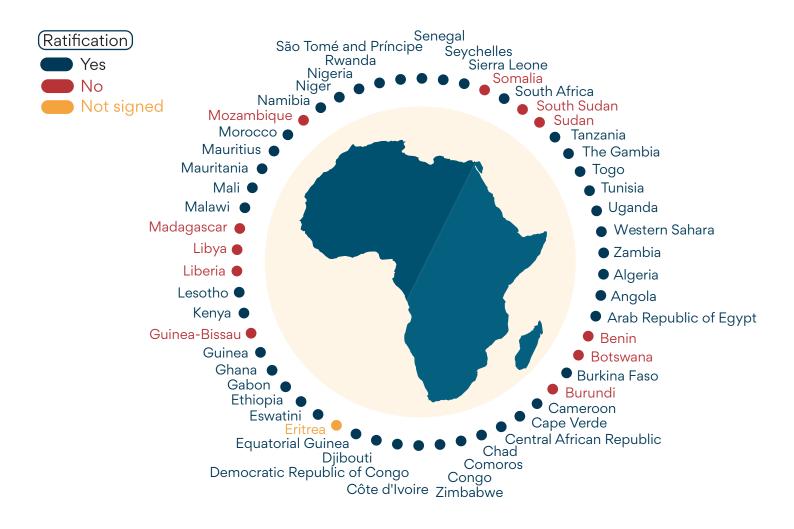
### A.5. Who are the Members of the AfCFTA?

**State Parties** and **Member States** are terms used in the AfCFTA Agreement. The "Member States" are the AU's member countries. The AU Member States that have approved or joined the AfCFTA Agreement and for which it is in effect are referred to as "State Parties." Under the AfCFTA Agreement, only the State Parties will have rights and obligations. The ongoing negotiations involve both State Parties and Non-State Parties. Member States of the AU that have not ratified the AfCFTA are referred to as non-state parties.

As of December 2022, except for Eritrea, 54 out of the 55 AU Member States, have signed the consolidated text of the Agreement Establishing the AfCFTA.<sup>7</sup>



5 https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html 6 https://au-afcfta.org/2022/10/what-is-the-afcfta-guided-trade-initiative-all-about/ 7 https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html



### A.6. What do the AfCFTA legal instruments cover?

The AfCFTA Agreement is the treaty establishing the African Continental Free Trade Are and providing for Protocols on Trade in Goods, Trade in Services, Investment, Intellectual Property Rights, and Competition Policy.

The AfCFTA negotiations take place in phases. Trade in goods and services as well as dispute resolution are both included in Phase I. Phase II deals with investment, competition policy, and intellectual property rights. E-commerce will be addressed in Phase III, which has been added.

On May 30, 2019, the AfCFTA Agreement, Protocol on Trade in Goods and Services, and Protocol on Rules and Procedures for the Settlement of Disputes (together with their annexes and appendices) became legally binding. The five key service sectors (business services, communications, finance, tourism, and transport) are currently the subject of ongoing discussions to finalize the schedules of particular commitments. The negotiations were expected to be concluded by June 2021.

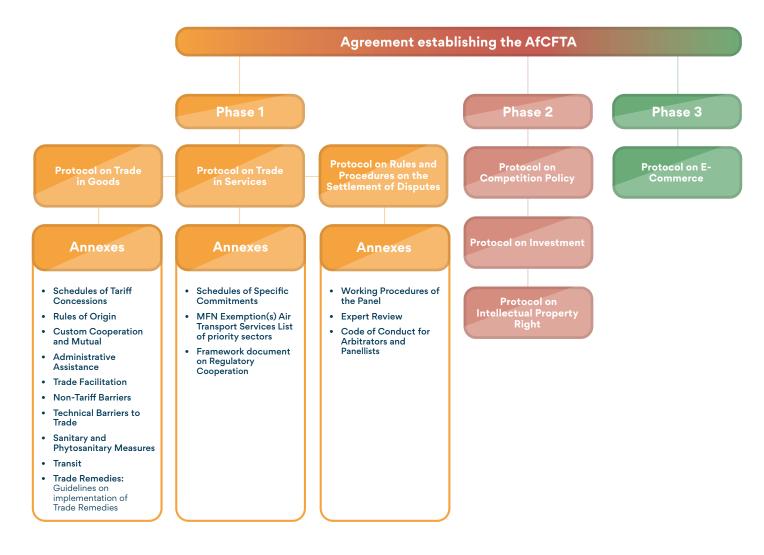
Trade under AfCFTA rules can only happen once all the legal arrangements are in place, but the AU Summit decided in December 2020 to allow trade under the reciprocal offers already extended as part of the Phase I negotiations. This has not happened, and at the 35th Ordinary Session of the Assembly of the AU (5-6 February 2022), Heads of State and

Government decided that "commercially meaningful trade" should begin at a date to be determined.

The AfCFTA goes beyond traditional trade agreements that merely reduce tariffs. It also liberalizes services trade. This is crucial: services constitute roughly 60 per cent of Africa's GDP and in 2014, for example, services accounted for 30 per cent of world trade. Services are also inputs to production processes that in turn enable trade in goods. In the AfCFTA, African countries have committed to progressive services liberalization in which domestic services markets are to be opened for service suppliers from other African countries.

Beyond tariffs, non-tariff barriers, such as burdensome customs procedures and excessive paperwork, are often a greater impediment to businesses than tariffs. The AfCFTA is to include a **"non-tariff barrier** mechanism" for reporting and resolving such barriers on trade between African countries, helping businesses to demand solutions to their trading barriers.

Similarly, the AfCFTA also includes provisions for the recognition of technical and sanitary standards, transit facilitation and customs cooperation. By doing so, the aim is to significantly ease doing business across borders in Africa.



### A.7. What is expected of the AfCFTA?

As the largest trade pact among African countries, the AfCFTA is expected to:



# A.8. How will the AfCFTA's dispute resolution process operate and who can file claims?

Private parties (exporters, importers, service providers, etc.) are ncot eligible to use the AfCFTA dispute resolution mechanism on their own. Private parties will only be safeguarded if a State Party files a claim and is able to demonstrate that its rights have been breached.

For a conflict to be resolved, the parties must first consult with one another. They are always free to utilize their goodwill, engage in confidential conciliation, or engage in mediation. Arbitration is another option open to disputing parties.

It is recommended that the State Party in question bring the measure into compliance with its duties when a Panel or the Appellate Body finds that a measure is in conflict with the AfCFTA legislative instruments. The Panel or the Appellate Body may also make suggestions for how the concerned State Party might carry out the recommendations.<sup>8</sup>

**66** The AfCFTA has a dispute settlement system modelled on the Dispute Settlement Understanding of the WTO. It consists of Panels and an Appellate body. Under the AfCFTA, dispute settlement is only available to State Parties.**99** 

### A.9. What difficulties does the AfCFTA's implementation face?

AFCFTA implementation may face a number of difficulties. Despite their significant differences in size, degrees of economic growth, and economic diversification, and despite the difficulty of guaranteeing widespread benefits for all member states, the agreement will imply harmonizing Africa's heterogeneous economies.

The AfCFTA is the continental free trade agreement with the highest levels of income inequality. Many nations, particularly the 32 least developed nations, struggle to diversify their economies, create new jobs, and expand their industrial sectors.

Conflicts, inadequate infrastructure, and slow technological adoption will pose threats to the agreement's implementation in some nations. Segments of the population have also spoken of a generalized fear of losing identity and control.

### A.10. What are the operational instruments of the AfCFTA?

During the launch of the operational phase of the AfCFTA in Niamey in July 2019, five operational instruments were unveiled:

- 1. The **Rules of Origin:** A regime governing the conditions under which a product or service can be traded duty free across the region;
- 2. The **Tariff concessions:** It has been agreed that there should be 90% tariff liberalisation and the deadline is 1st July 2020. Over a 10 year period with a 5 year transition, there will be an additional 7 % for "sensitive products" that must be liberalized;
- 3. The online mechanism on monitoring, reporting and elimination of non-tariff barriers, NTBs: NTBs are a great hindrance to intra-African trade whether physical, like poor infrastructure, or administrative like the behaviour of customs officials. These are to be monitored with a view to ensuring they are eliminated.
- 4. The **Pan-African payment and settlement system:** To facilitate payments on time and in full, by ensuring that payments are made in local currency and at the end of the year there'll be net settlements in foreign exchange. With the certainty of payments, there will be confidence in the system.
- 5. The African Trade Observatory: A trade information portal to address hindrances to trade in Africa due to lack of information about opportunities, trade statistics as well as information about exporters and importers in countries. The trade observatory will have all this information and other relevant data which will be provided by AU member states.

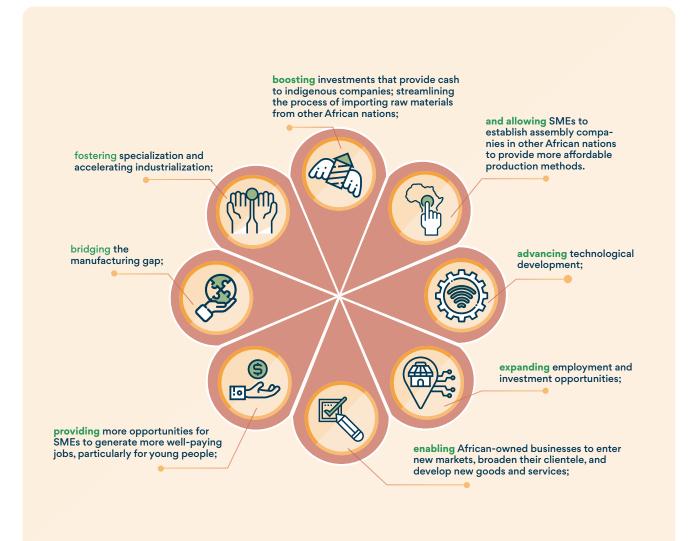
08

# SECTION B: Top-9 questions from MSMES

## **B.1. What advantages does the AfCFTA offer African MSMEs?**

African MSMEs are recognized as a significant objective for the AfCFTA because they can profit from improved access to new markets and the potential economic transformation that competition in these areas could foster. The agreement provides several advantages to African SMEs, which are crucial given their significance to the continent's economy as up to 80% of firms and up to 40% of national GDP.

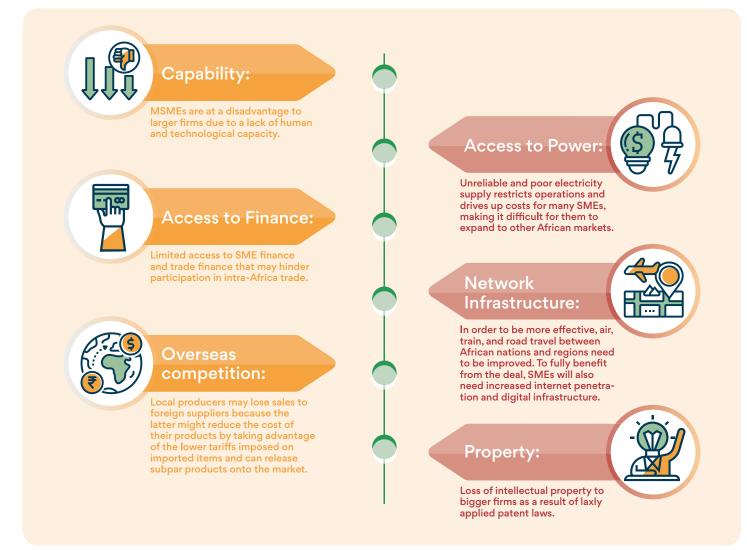
#### These advantages include:



## **B.2.** What are some challenges that African MSMEs may face?

Despite all of its advantages, the accord may yet run into some problems within Africa.

#### These consist of:



## **B.3.** What is the role of AfCFTA rules of origin?

In the context of international trade, Rules of Origin (RoO) are legal regulations that are used to identify the nationality of a commodity. Non-preferential and preferential RoO can be separated out: Preferential RoO are the rules outlined in agreements of preferential trade areas between two or more countries (such as those forming part of the AfCFTA), and they specify the minimum amount of processing and other criteria that must be met in order to qualify for preferential treatment. Whereas, non-preferential RoO are national laws used to assign origin to traded goods for purposes such as trade statistics, trade remedies, labeling requirements, and various other purposes.

The AfCFTA RoO are included as Annex 2 to the AfCFTA agreement (Annex I covers the import tariff concessions.). Sections I, II and III of Annex 2 contain the general provi-

sions, including provisions such as the criteria for **'wholly obtained'**, **cumulation**, **origin declarations**, simple/ **insufficient processing**, key definitions, and others. The RoO Annex also contains a number of Appendixes:

The AfCFTA RoO are essentially being discussed sector by sector, leading to origin regulations that are specific to particular products (rather than generic origin criteria that apply equally to all products). The benefit of this is that appropriate criteria that better account for the unique dynamics of each sector can be created; nevertheless, this procedure also makes discussions more difficult and time-consuming. However, the general RoO provisions contained in the main RoO Protocol (Annex 2) shall apply equally to all products

- Appendix I: A sample copy of the **Certificate of Origin**
- Appendix II: The text of the self-issued origin declaration (for shipments by **approved export-ers** or within USD 5,000)
- Appendix III: A sample AfCFTA **supplier or producer's declaration** (to cover regional inputs)
- Appendix IV: The AfCFTA product-specific RoO criteria

### Rules of Origin in AfCFTA Legal Text

#### Main legal text

> Appendix IV: AfCFTA Rules of Origin (to be inserted)

### **B.4.** How will a trader determine the origin status of a product?

If a product claims origin status in order to receive preferential market access under the AfCFTA, it must first be demonstrated that any non-originating inputs have undergone significant local transformation. The AfCFTA RoO must be consulted by the exporter or producer in this case. These regulations provide particular standards that, for each product, define "substantial transformation," and they may be founded on one or more of the three approaches described below.

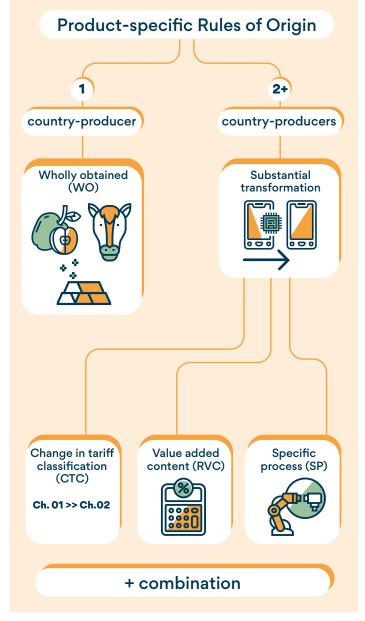
• Regional value content: To identify origin status, this methodology uses percentage thresholds as the criterion. Where applicable, the AfCFTA RoO established an upper limit based on a percentage for the quantity of imported materials that may be used.

- Change in tariff classification: Products that incorporate any non-original materials must undergo local processing that results in a new HS classification.
- Specific processing: This approach, also known as the "technical" test, is often employed in the AfCFTA and establishes product-specific processing requirements that must be completed in order to qualify for origin designation.

### Key steps to determine if the product meets AfCFTA RoO:

- What is the export destination? If it is part of the same REC, then those RoO (not AfCFTA RoO) apply
- Defining the precise HS code for the product
- Look up the product-specific RoO (Appendix IV)
- Look up the basic RoO guidelines (Part II of Annex 2)
  - > Is the product exclusively created with local materials?
  - Has the source of inputs come from another AfCFTA Member State?
  - > Does the total amount of local processing exceed "insufficient operations"?

#### Codification of product-specific origin criteria



# **B.5.** How can a trader determine which tariff rate is applied under the AfCFTA?

Tariff liberalization under the AfCFTA takes place in line with the AfCFTA Tariff Modalities. Each country or customs union (ECOWAS, CEMAC, SACU, EAC) designates a schedule of tariff concessions which includes: At least 90% of products are non-sensitive (category A) and the base rate, which is the most-favoured nation (MFN) tariff applied as of May 2019, is dismantled within 5 years (for LDCs 10 years); 7% of products are sensitive (category B) and the base rate is dismantled within 10 years with a flexibility of a transitional period of 5 years (for LDCs 13 years); no more than 3% of products are Exclusion List (category C) and no tariff reduction is applied. Excluded products in addition shall not exceed 10% of total import value from other State Parties. This clause is known as "double gualification and anti-concentration" clause. The recommended time range for assessment of import value is 2015-2017, or 2014-2016.

Countries and customs union groups are independent in selecting Sensitive and Exclusion Lists while being guided by the following criteria: food security, national security, fiscal revenue, livelihood and industrialization. As part of tariff negotiations, countries can feedback on each other's tariff offers on a counter-proposal basis trying to improve the ambition of the Lists, while remaining in compliance with the technical modalities. Due to a large number of pairs of negotiating countries involved and a massive amount of data required, an **AfCFTA Online Tariff Negotiation Tool** was developed and launched in June 2020.

The Thirteenth Extraordinary Session of the African Union Assembly of Heads of State and Government held in Johannesburg in December 2020, decided that the start of trade under the African Continental Free Trade Area (AfCFTA) shall officially commence on 1 January 2021 on the basis of legally implementable and reciprocal schedules of tariffs concessions.

The 7th Meeting of the AfCFTA Council of Ministers responsible for Trade, on 10th October 2021, adopted the Ministerial Directive on the Application of Provisional Schedules of Tariffs Concessions. This Ministerial Directive provided a legal basis for the countries that had submitted their tariff schedules in accordance with the agreed modalities to trade preferentially amongst themselves.

The Provisional Schedules of Tariffs Concessions can be accessed and searched at the product code level at the **AfCFTA e-Tariff Book.** Please note that between 30 and 40 countries have submitted their provisional tariff offers, and some have not yet designated their Sensitive and Exclusion lists.

# **B.6.** How can a trader navigate the technical language of rules of origin in the AfCFTA?

To access the uniform guidelines on operationalization and application of AfCFTA rules of origin a user can download the **AfCFTA Rules of Origin Manual.** The Manual spells out in detail the application of the rules used in determining the origin status of Goods, procedures of administering the rules and the institutional framework for the implementation of the AFCFTA Rules of Origin. The Manual complements the guidelines with numerous examples and illustrations.

Draft AfCFTA rules of origin have been integrated into ITC-WCO-WTO Rules of Origin Facilitator (https://findrulesoforigin.org/) and can be browsed and compared along with other existing preferential trade arrangements among African countries. The joint tool helps to search and compare rules of origin and key provisions in a systematic and simplified manner, for most trade agreements in the world, supplemented with glossaries and annotations.

### B.7. If the dispute settlement system is not designated for the private sector, do private parties have any legal options?

espite not being in the same position as State Parties, private parties' actions are crucial to the AfCFTA's success. A different category of trade remedies that can be used to stop unfair trade practices like the dumping of goods or the subsidizing of imports may be advantageous to them. Additionally, they might receive (temporary) protection when there is a rise in imports due to trade liberalization taking place as a result of the AfCFTA. These remedies entail an alternative process wherein affected private parties may ask national investigative authorities to carry out the required investigations and impose anti-dumping duties, countervailing measures, or safeguard measures. Trade remedies, including safeguards, are specifically covered in the AfCFTA Annex. Under the laws of the host governments, private parties like service providers and investors will have some rights to due process. Following the Investment Protocol's adoption, it will be clear how and where private investors' rights would be protected.

# **B.8. How to practically use AfCFTA in one example?**

Consider the following example as a case study. A grape juice producer based in Tunisia seeks to benefit from AfCFTA and export to Madagascar. The ingredients used to make one bottle of juice (classified by HS code 200969) include local fresh grapes, imported granulated sugar and sodium citrate (E331), and local water, as show in the bill of materials below:

By navigating the available online tools, such as ITC-WCO-WTO Rules of Origin Facilitator, AfCFTA e-Tariff Book and AfCFTA

Ingredients	HS Code	Origin	Value/bottle (CIF)
Fresh grapes	0806	Tunisia	\$0.9
Granulated Sugar	1701	China	\$0.2
Sodium citrate (E331)	2918	France	\$O.1
Water	2201	Tunisia	\$0.05

Manual on Rules of Origin, as well as national platforms such as **Tunisia's Regional Trade Agreements with Africa** (https://www.africatradeagreements.tn), the exporter will be able to answer each of the following questions:

- Which agreements are in force and which are signed between Tunisia and Madagascar?
- What is the AfCFTA origin criterion applicable to the product? Does the product meet the criterion?
- Determine if the product is still considered AfCFTA originating if the producer uses grapes imported from Chile instead of local grapes? From South Africa instead of local grapes?
- Which AfCFTA proof of origin is required if the producer is not an approved exporter?
- What is the MFN tariff rate that Madagascar currently applies to this product and the AfCFTA tariff rate that Madagascar applies to this product in 2023. When will tariff on this product be eliminated entirely by Madagascar?
- If the process of compliance with rules of origin increases the cost of exportation by 5%, given the AfCFTA tariff rate in 2023, should the exporter attempt to use preferences?
- How would the answers change for grape wine (22042100) instead of grape juice for Madagascar market?

Proposed answers are provided below.

• Which agreements are in force and which are signed between Tunisia and Madagascar?

Using the Facilitator, by entering the exporting country as Tunisia, the importing country as Madagascar, and the national tariff line code of the product being 20096900, we instantly identify agreements and applied tariff conditions.

The only agreement that currently applies for juice is COMESA. AfCFTA is signed but not yet in force (operational) between the two countries. AfCFTA Guided Trade Initiative applies for Tunisia, but not Madagascar.

• What is the AfCFTA origin criterion applicable to the product? Does the product meet the criterion?

Scrolling down the search results in the Facilitator, we identify the following origin criterion: "Manufacture in which all the vegetables, fruit, nuts or other parts of plants used must be wholly obtained [draft]." The codified criterion is WO **(Wholly Obtained)** for used local fruits.

Of all materials used, only fresh grapes can be considered as fruits or other parts of plants.

The grapes are wholly obtained, as they were grown and harvested in Tunisia, therefore, the condition is satisfied; therefore, the juice is considered originating.

• Determine if the product is still considered AfCFTA originating if the producer uses grapes imported from Chile instead of local grapes? From South Africa instead of local grapes?

If the producer uses grapes imported from Chile instead of local grapes, the condition (materials derived from grapes used must be wholly obtained) is not fulfilled and thus the juice shall lose it originating status.

In the case of South African grapes, according to Paragraph 2 of Article 10 of Annex 2 of the AfCFTA on **Cumulation** of Origin, grapes grown and imported from South Africa used for making juice in Tunisia will be considered as having origin in Tunisia. Therefore, the juice is still considered originating.

• Which AfCFTA proof of origin is required if the producer is not an approved exporter?

A **Certificate of Origin (COO)** issued by a Designated Competent Authority is required, per Paragraph 1 of Article 19 on Proof of Origin, unless the shipment value is less than USD 5,000 in which case a self-issued origin declaration is sufficient per Article 21.

• What is the MFN tariff rate that Madagascar currently applies to this product and the AfCFTA tariff rate that Madagascar applies to this product in 2023. When will tariff on this product be eliminated entirely by Madagascar?

MFN tariff of Madagascar is 20%. Facilitator displays MFN rate 20% but not the AfCFTA rate from Madagascar's tariff offer. By 2023, the preferential tariff applied by Madagascar to grape juice imported from AfCFTA countries is 14% per **AfCFTA e-Tariff Book** (https://etariff.au-afcfta.org/advance-search). AfCFTA tariff will be eliminated entirely by 2030.

• If the process of compliance with rules of origin increases the cost of exportation by 5%, given the AfCFTA tariff rate in 2023, should the exporter attempt to use preferences?

Drawing on the previous answer, supposing that the MFN rate remains unchanged (20%), the tariff saving is 6%. If complying with rules of origin increases the cost of exportation by 5%, the profit margin from duty savings is still positive

(1%), and therefore, it is advised that the exporter uses the preferences offered by the agreement.

• How would the answers change for grape wine (22042100) instead of grape juice for Madagascar market?

AfCFTA origin criterion for wine states: "Manufacture from Materials of any Heading except that of the Product and in which any grapes and other Materials derived from grapes used must be wholly obtained." In coded version it is CTH + WO. For CTH, of all materials used, only sugar (HS 1701) and E331 (HS 2815) are not originating. However, these materials have undergone a change in tariff heading as they belong to different HS heading as compared to the final product (wine).

MFN rate is 20%, same as for grape juice. Using the e-Tariff Book (https://etariff.au-afcfta.org/) to find the tariff offers we insert as the importing country Madagascar. Madagascar maintains its 20% MFN rate under Category C ('Exclusion list') and will not provide a AfCFTA preferential rate. AfCFTA should not be used because there are no duty savings.

### **B.9.** How to practically compare AfCFTA with RECs in one example?

Continuing the previous example of Tunisia's wine exported to Madagascar, we compare AfCFTA benefits with COMESA. We answer the following questions:

- Does COMESA offer better tariff conditions than AfCFTA?
- Does the wine also pass the rule of origin under COMESA?
- Which rules of origin offer more flexibility: AfCFTA or COMESA?
- Which formulation of the origin criterion from the above would be the easiest to understand and apply for a wine producer without technical skills in trade and customs?

We propose an answer to each question below.

• Does COMESA offer better tariff conditions than AfCFTA?

Under COMESA, Madagascar offers preferential tariff of 0% while for AfCFTA, wine appears on Exclusion List ('C'). Therefore, COMESA offers better tariff conditions in this example.

• Does the wine also pass the rule of origin under COMESA?

COMESA offers 4 alternative origin criteria: (i) WO (ii) RVC 40% (build-down method) (iii) RVC 35% (build-up method) and (iv) CTH + ECT.

(i) WO is not passed because the wine uses foreign inputs (sugar, E331);

(ii) RVC 40% is passed because per formulation, CIF cost of foreign inputs (0.1+0.2=0.3) does not exceed 60% of CIF cost of all inputs (1.25);

(iii) RVC 35%: not enough information due to missing Ex-factory cost of wine (price out of the factory gate).
However, assuming that winemaker does not sell at a loss, per definition of "value added" in Rule 1, it will be at least (\$1.25-\$0.3\$)/\$1.25=76%. Thus the rule is likely passed. (iv) The rule is almost identical to AfCFTA, with an additional restriction not to use foreign juice (HS 2009) and vermouth and other types of wines (HS 2205). Therefore, it passes.

Thus exporter definitely passes (ii) and (iv), and likely passes (iii). For compliance purposes, exporter only needs to pick one of the three alternative rules to declare on the certificate of origin.

Which rules of origin offer more flexibility: AfCFTA or COMESA?

COMESA is more flexible in origin criteria because it offers 2 RVC rules as alternative options, and exporter definitely passes one of them, and likely another one.

On the other hand, AfCFTA offers flexibility in cumulation of inputs. For example, South Africa is not a COMESA party and so its local grapes would not be allowed for cumulation under COMESA.

• Which formulation of the origin criterion from the above would be the easiest to understand and apply for a wine producer without technical skills in trade and customs?

We assume that the juice and wine producer would lack confidence in technical knowledge of Incoterms and manufacturing accounting (for RVC criteria) and HS nomenclature (for change in tariff heading rule with further HS exceptions). Thus the part of AfCFTA rule requiring grapes to be wholly obtained would seem the clearest.

# SECTION C: Top-6 questions from trade officials

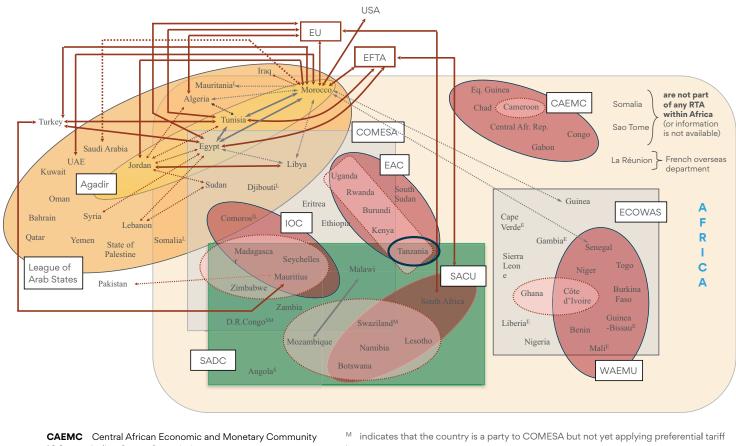
### C.1. What is the status of current Regional Economic Communities (RECs) and other regional commercial agreements in Africa?

The AU recognizes eight RECs, including the Arab Maghreb Union (AMU), the Common Market for Eastern and Southern Africa (COMESA), the Community of Sahel-Saharan States (CEN-SAD), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), and the Southern African Development Community (SADC).

"State Parties that are members of other regional economic communities, regional trading arrangements, and custom

unions, which have achieved higher levels of regional integration among themselves than under this Agreement, shall maintain such higher levels among themselves," reads Article 19(2) of the AfCFTA Agreement.

This means that the RECs are regarded as the AfCFTA's foundational elements. Therefore, the Tripartite Free Trade Area (TFTA), once it is in effect, the recognized RECs, as well as customs unions like the Southern African Customs Union (SACU) and those proposed in some of the RECS, shall be preserved. <sup>9</sup>



CAEMC	Central African Economic and Monetary Community	M indicates that the country is a party to COMESA but not yet applying preferential tariff				
IOC	Indian Ocean Commission	1	//	IOC	//	
SACU	Southern African Customs Union	S	//	SADC	//	
WAEMU	West African Economic and Monetary Union	E	//	ECOWAS	//	
EAC	East African Community	L	//	League of Arab State	es //	
COMESA	Common Market for Eastern and Southern Africa			0		
			Partial scope agreements		🔅 Interim EPA (Only the EU	
ECOWAS	Economic Community of West African States	∢>	Free Trade agreements		applies preferential rates)	
			Agreements with countries outside Africa			

# C.2. Which rules of origin apply – REC or AfCFTA?

Since the AfCFTA does not replace or abolish existing RECs, it recognizes their existence and continued operation. It means the pre-existing tariff regimes, associated regional RoO clauses, and related preferences will continue to be in effect for all trade between parties to such an agreement. As a result, the AfCFTA introduces a preferential trade system for trade between nations that was previously conducted on a conventional MFN basis, or without the availability of any special advantages.

- Trade within existing RECs (e.g., SADC, COMESA, ECOWAS, ECCAS): established RoO and tariffs of these RECs will continue to apply to intra-regional trade
- Trade between countries not in an established REC relationship (e.g., South Africa-Kenya; Ghana-Ethiopia etc.): New AfCFTA RoO and tariffs apply, as negotiated (in tariff lines and RoO, where agreed and implemented)

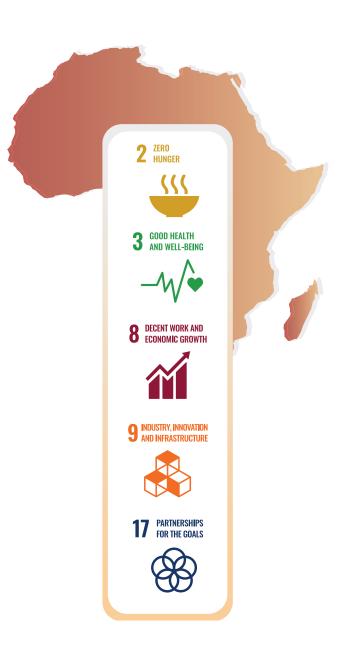
### C.3. Are AfCFTA State Parties permitted to engage in free trade negotiations with other parties?

A State that is not a party to the AfCFTA Agreement is referred to as a third party (Art. 1 of the AfCFTA Agreement). Nothing in the AfCFTA Protocol on Trade in Goods, according to Article 4, "shall prevent a State Party from concluding or maintaining preferential trade arrangements with Third Parties, provided that such trade arrangements do not impede or frustrate the objectives of this Protocol, and that any advantage, concession, or privilege granted to a Third Party under such arrangements is extended to other State Parties on a reciprocal basis."

# **C.4.** What role can the AfCFTA play in advancing the 2030 Agenda for Sustainable Development?

AfCFTA is a key initiative of the African Union's Agenda 2063, which is the continent's own development strategy. The African Union Summit accepted it as an urgent project whose rapid successes and immediate execution will have an influence on socioeconomic development and boost Africans' confidence and commitment as the owners and drivers of Agenda 2063.

The cumulative effect of AfCFTA is to contribute to the achievement of the United Nations 2030 Agenda, in particular, to the Sustainable Development Goals, from targets for decent work and economic growth (Goal 8) and the **promotion of industry (Goal 9)**, to **food security (Goal 2)** and affordable access to **health services (Goal 3)**. AfCFTA can aid in lowering Africa's reliance on outside resources by promoting industrialization and economic growth. This would make it possible for Africa to more effectively **finance its own development**, which is acknowledged by **Goal 17**.



## C.5. What institutions does the AfCFTA establish?

The Assembly, the Council of Ministers, the Committee of Senior Trade Officials, the Secretariat, and numerous technical committees are the entities in charge of carrying out, facilitating, administering, and monitoring the AfCFTA. These institutions rely on consensus to make decisions.

- All AU Heads of State and Government are represented in the African Union Assembly. It oversees and gives strategic direction for the AfCFTA.
- Trade ministers and other State Parties nominations make up the Council of Ministers. It is distinct from the AU's Committee of African Union Ministers of Trade (AMOT). The Council is responsible for ensuring the Agreement's effective execution and enforcement and for taking all necessary steps to advance the AfCFTA's goals. The Executive Council of the AU is the channel via which the Council of Ministers reports to the AU Assembly.
- Permanent Secretaries or other officials chosen by State Parties make up the Committee of Senior Trade Officials. It is in charge of carrying out decisions made by the Council of Ministers, developing programs and action plans to execute the AfCFTA Agreement, and overseeing how the AfCFTA is operating.
- A permanent and operationally independent AfCFTA institution, the Secretariat. It is in charge of a number of administrative and auxiliary tasks to coordinate the AfCFTA's implementation. Its headquarters are in Accra, Ghana. The agreement to host the AfCFTA Secretariat on August 3, 2020, was approved by the Parliament of Ghana.
- The AfCFTA Dispute Settlement Mechanism replicates, with the necessary adaptations, the WTO dispute settlement system. The principles and procedures appear in a dedicated Protocol.

Several technical committees are established by the AfCFTA Agreement's Protocols to help with the Agreement's implementation. The committees are made up of State Parties' appointed representatives. The Protocol on Trade in Goods and its annexes are made easier to use by the Committee on Trade in Goods and its subcommittees. The Protocol on Trade in Services will be operated more efficiently thanks to the Committee on Trade in Services and its 5 subcommittees.

# **C.6.** What are the remaining issues in negotiations on AfCFTA rules of origin?

Outstanding issues in negotiations on AfCFTA rules of origin are (i) Completion of Appendix IV on product-specific rules of origin, with the agreed rules on automotive and textile sectors particularly missing; (ii) Completion of general origin provisions and other issues, summarized in Art. 42 of the updated Annex 2 on Rules of Origin:

(a) Implementing decisions on the definitions of "Value Added" in Article 1 (x) and requirements for "their vessels" and "their factory ships" in Article 5 (2) and criteria and issues pertaining to **Special Economic Arrangements** / **Zones** In Article 9 in Annex 2 on Rules of Origin;

(b) Drafting of additional Definitions in Annex 2 on Rules of Origin;

(c) Drafting hybrid rules in Appendix IV to Annex 2 on the Rules of Origin;

(d) Drafting regulations for Goods produced under **Special Economic Arrangements** / **Zones;** 

(e) Drafting of additional provisions in Annex 2 on Rules of Origin on value tolerance, absorption principle and accounting segregation/GAAP; and

(f) Drafting AfCFTA Rules of Origin Manuals/Guidelines.

### Terminology

#### Term

AfCFTA Online Tariff Negotiation Tool

#### Definition

A tool developed by ITC in close collaboration with the African Union and with the contribution of the European Union. The online tool facilitates the negotiation of tariff lines. It provides a secure exchange platform to chief negotiators to automatically generate and share tariff concession offers in a transparent, timely, and straightforward manner, as well as to formulate counterproposals. The online tool allows parties to run negotiations simultaneously, with instant interactions among counterparts, either single countries or regional economic groups, and without the necessity of in-person meetings. Also, the tool offers analytical features to compare, send and receive all proposals and counterproposals, and to verify their validity based on the criteria established in the AfCFTA. It also allows for tracking the history of the negotiations and for follow-up on all rounds.

#### Source hyperlink

https://intracen.org/news-and-events/news/online-tariff-ne-gotiation-tool-for-africa

#### Term

AfCFTA rules of origin

#### Definition

Goods shall be eligible for preferential treatment under the AfCFTA Protocol on Trade In Goods, if they are originating in any of the State Parties in accordance with the criteria and conditions set out in Annex 2 on Rules of Origin, and in accordance with the appendix to be developed on General and Product Specific Rules.

#### Source

Art. 12 of Part III of the Protocol on Trade in Goods

#### Term

AfCFTA Secretariat

#### Definition

The coordinating body for all AfCFTA activities. It is the administrative organ mandated to coordinate the implementation of the AfCFTA. It is responsible for convening meetings, monitoring and evaluating the implementation process of the AfCFTA and other duties assigned to it by the AU Assembly of Heads of State, the Council of Ministers, and the Committee of Senior Trade Officials. The Secretariat houses experts, notably in legal affairs, economic policymaking, research, and communications, to assist the Member States, among other things, in ensuring easy progress of negotiations and that the rules set out in the Agreement are correctly applied and enforced.

#### Source hyperlink

https://au-afcfta.org/secretariat/

#### Term

African Union (AU)

#### Definition

The African Union (AU) is a continental body consisting of the 55 member states that make up the countries of the African Continent. It was officially launched in 2002 as a successor to the Organisation of African Unity (OAU, 1963-1999).

#### Source

About the African Union

#### Source hyperlink

https://au.int/en/overview

#### Term

Approved exporter

#### Definition

Exporter, authorized by the designated competent authorities of the exporting States Party, who frequently exports products covered by AfCFTA Rules of Origin and provides, to the satisfaction of the customs authorities, all the guarantees for verifying the originating status of products as well as compliance with all other requirements of this Annex, to make out origin declarations regardless of the value of the products concerned

#### Source

Art 22. of Section III of Annex II on Rules of Origin

#### Term

Certificate of Origin (COO)

#### Definition

The documentary proof of origin issued by a designated competent authority, confirming that a particular product complies with the origin criteria applying to preferential trade under the Annex Protocol on Trade in Goods and in accordance with Article 16 of this Annex [Proof of Origin]

#### Source

Art 1. of Section I of Annex II on Rules of Origin

#### Term

Cumulation

#### Definition

Under cumulation provision of the AfCFTA, all States Parties are considered as a single territory. Raw materials or semi-finished goods originating in any of the States Parties and undergoing working or processing in another States Party shall, be deemed to have originated in the States Party where the final processing or manufacturing takes place. Working or processing carried out in any of the States Parties shall be considered as having been carried out in the States Parties when the materials undergo further working or processing in a States Party.

#### Source

Art. 10 of Section II of Annex II on Rules of Origin

#### Term

Exporter

#### Definition

Under AfCFTA, it means any natural or legal person who exports goods to the territory of another States Party, who is able to prove the origin of the good, whether or not that person is the manufacturer and whether or not that person carries out the export formalities

#### Source

Art 1. of Section I of Annex II on Rules of Origin

#### Term

Guided Trade Initiative

#### Definition

An initiative of the AfCFTA Secretariat to kick-start trade between and among countries that have signaled their readiness to commence commercially meaningful trade under the AfCFTA. It intends to achieve its goal through matchmaking businesses and products for export and import between these interested State Parties in coordination with their national AfCFTA implementation committees. The initiative seeks to test the operational, institutional, legal and trade policy environment under the AfCFTA.

#### Source hyperlink

https://au-afcfta.org/2022/10/afcfta-8-african-countries-kick-start-free-trade-with-96-products/

#### Term

Insufficient processing

#### Definition

Article 9 of Annex II on Rules of Origin lists operations that are insufficient to confer the AfCFTA origin on a product. They include operations exclusively intended to preserve products in good condition during storage and transport; breaking-up or assembly of packages; washing, cleaning, or operations to remove dust, oxide, oil, paint, or other coverings from a product; simple ironing or pressing operations; simple painting or polishing operations; husking, partial or total bleaching, polishing, or glazing of cereals and rice; operations to colour sugar or form sugar lumps, partial or total milling of crystal sugar; etc

#### Source

Art. 9 of Section II of Annex II on Rules of Origin

#### Term

Member state

**Definition** Member States of the African Union

#### Source

Par. q) of Art. 1 of Part I of the AfCFTA Text

#### Term

Most-favoured Nation (MFN) tariffs

#### Definition

Tariffs applied by WTO members to goods imported from any other WTO member countries in respect of the Most Favoured Nation principle.

#### Source

Market Access Map Glossary

#### Source hyperlink

https://www.macmap.org/en/resources/glossary

#### Term

Non-tariff barriers

#### Definition

The barriers that impede trade through mechanisms other than the imposition of tariffs

#### Source

Par. r) of Art. 1 of Part I of the AfCFTA Text

#### Term

Origin declaration

#### Definition

A form of a proof of origin. A declaration given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified. Under Article 21 of Annex II on Rules of Origin, it can be issued by an approved exporter or for consignments not exceeding USD 5,000.

#### Source

Art. 19 and 21 of Section III of Annex II on Rules of Origin

#### Term

Preferential Trade Arrangement (PTA)

#### Definition

Any trade arrangement by which a State Party grants preferences to imports from another State Party or a Third Party and includes other non-reciprocal referential scheme granted by way of waiver.

#### Source

Par. f) of Art. 1 of Part I of the AfCFTA Text

#### Term

Producer

#### Definition

A mining, manufacturing or agricultural enterprise or any other individual grower or craftsman who supplies goods for export

#### Source

Par. t) of Art. 1 of Section I of Annex II on Rules of Origin

#### Term

Schedule of tariff concessions

#### Definition

A list of negotiated specific tariff concessions and commitments by each State Party. It sets out, transparently, the terms, conditions and qualifications under which goods may be imported under the AfCFTA.

#### Source

Par. g) of Art 1. of Part I of the Protocol on Trade in Goods

#### Term

Special Economic Arrangements / Zones (SEZ)

#### Definition

Special regulatory provisions applicable in a geographical demarcation within a States Party's

territory where the legal, regulatory and fiscal and Customs schemes, applicable to business differ, generally in a more liberal way, from those in application in the rest of that States Party's territory.

#### Source

Par. w) of Art 1. Of Section I of Annex II on Rules of Origin

### Term

State party

#### Definition

A Member State that has ratified or acceded to this Agreement

#### Source

Par. v) of Art. 1 of Part I of the AfCFTA Text

#### Term

Supplier or producer's declaration

#### Definition

For the application of cumulation, the evidence of the working or processing shall be given by the supplier or producer's declaration, a specimen of which appears in Appendix III of this Annex, given by the supplier or producer in the States Party in which the materials are exported.

#### Source

Art. 33 of Section III of Annex II on Rules of Origin

#### **Term** Third pa

Third party

#### Definition

A State / States that is / are not a party to the AfCFTA

#### Source

Par. w) of Art. 1 of Part I of the AfCFTA Text

#### Term

Trade remedies

#### Definition

A safeguard measure (global or preferential), countervailing duty or anti-dumping duty.

#### Source

Guideline 2 of AfCFTA Guidelines on Implementation of trade remedies

#### Term

Wholly obtained

#### Definition

The following products are considered as wholly obtained in a States Party when exported to another State Party: mineral products, plants, electric energy, live animals born and raised therein, products of hunting and fishing conducted therein, scrap and waste, aquaculture products, etc.

#### Source

Art.6 of Section II of Annex II on Rules of Origin

### Library

#### ltem

AfCFTA e-Tariff Book

#### Description

To ensure that tariff concession schedules are easily accessible to Trade and Customs Authorities, to allow them to make use of the benefits under the AfCFTA agreement and to enhance knowledge and capacities in the use of tariffs, the HS, commodity classification and organisation of tariff-related work within Customs administrations and other relevant stakeholders.

#### Source hyperlink

https://etariff.au-afcfta.org

#### Publication date July 2022

**Item** AfCFTA Factsheet

Source hyperlink https://au-afcfta.org/?jet\_download=5601

Publication date

May 2022

#### ltem

AfCFTA Rules of Origin Manual

#### Description

The Manual sets out guidelines on the operationalisation of Annex 2 on Rules of Origin in order to accord tariff preferences to Goods that meet the origin rules and are traded between the AfCFTA State Parties.

#### Source hyperlink

https://au.int/en/documents/20221012/african-continental-free-trade-area-rules-origin-manual

#### **Publication date**

July 2022

Item AfCFTA Tariff Modalities

#### Description

DECISION ON THE AFRICAN CONTINENTAL FREE TRADE AREA Doc. Assembly/AU/4(XXXII)

#### Source hyperlink

https://au.int/en/decisions/decisions-declarations-resolution-and-motions-thirty-second-ordinary-session-assembly

#### **Publication date**

February 2019

#### ltem

African Continental Free Trade Area (AfCFTA)

#### Description

Agreement establishing the African Continental Free Trade Area and its protocols, annexes and appendices which shall form an integral part of it

#### Source hyperlink

https://au-afcfta.org/afcfta-legal-texts/

#### ltem

African Trade Observatory (ATO)

#### Description

The repository of African countries' trade and trade-related data and information. The Observatory will provide the AU Commission and its partner institutions (including the Regional Economic Communities) with the necessary indicators to monitor progress toward trade integration in Africa. The ATO also synthesizes and makes relevant trade data and information available to support the formulation of evidenced-based trade policies and provide the private sector with trade information and information on the regulatory framework applicable in various Member States to support their business decisions. ITC provides technical support for the development of the ATO dashboard, the setting-up of a network of national and regional data providers and delivering a capacity building programme for ATO staff, national and regional trade data providers and a network of trade experts.

#### Source hyperlink

https://ato.africa

#### ltem

Agenda 2063

#### Description

It is the continent's strategic framework that aims to deliver on its goal for inclusive and sustainable development and is a concrete manifestation of the pan-African drive for unity, self-determination, freedom, progress and collective prosperity pursued under Pan-Africanism and African Renaissance.

#### Source hyperlink

https://au.int/en/overview

#### Item

Economic Development in Africa Report 2019

#### Description

Made in Africa: Rules of origin for enhanced intra-African trade

#### Source

UNCTAD

#### Source hyperlink

https://unctad.org/webflyer/economic-development-africa-report-2019

#### Publication date

June 2019

#### Item

Online mechanism on monitoring, reporting and elimination of non-tariff barriers

#### Description

Annex 5 to the Protocol on Trade in Goods establishes a reporting, monitoring and elimination mechanism where private sector can file complaint on a specific trade obstacles. The complaint is then transmitted to the government of the responsible trading partner to react to the complaint and resolve it within concrete timelines. The reported NTBs also feed into national and regional trade policy improvements.

#### Source hyperlink

https://tradebarriers.africa

#### ltem

Pan-African Payment and Settlement System (PAPSS)

#### Description

The Pan-African Payment and Settlement System – PAPSS is a centralised Financial Market Infrastructure enabling the efficient and secure flow of money across African borders. The platform minimises risk and contributes to financial integration across the regions. PAPSS is an African Union infrastructure developed in collaboration with the African Export-Import Bank (Afreximbank) to complement trading under the AfCFTA.

#### Source hyperlink

https://papss.com/

#### ltem

Tunisia's Regional Trade Agreements in Africa

#### Description

This digital platform and a mobile application facilitate access to information on Tunisia's trade agreements concluded or under negotiation with Africa. Developed by the GIZ in collaboration with the Africa department at the Tunisian Ministry of Trade and Export Development with a view to developing exports to sub-Saharan countries.

#### Source hyperlink

https://www.africatradeagreements.tn

Publisher: International Trade Centre, Partner
Title: 'Frequently asked questions on the African Continental Free Trade Agreement (AfCFTA)'
Publication date and place: Geneva, December 2022
Language(s): English

**Citation:** International Trade Centre (2022). Frequently asked questions on the African Continental Free Trade Agreement (AfCFTA). ITC, Geneva.

For more information, contact: marketanalysis@intracen.org

The information provided in this Report is for reference purposes only and is subject to further updates beyond December 2022. The information and/or documents referred to in this document do not constitute any legal or business advice. Therefore, ITC disclaims any and all liability in the event any commentary or analysis contained in this document proves to be inaccurate, incomplete, or unreliable. ITC does not guarantee or promise any result that may be obtained from using the content of this book. Readers should never make any business decision without first consulting with your own trade advisor and conducting your own research.

ITC encourages the reprinting and translation of its publications to achieve wider dissemination. Short extracts of this document may be freely reproduced, with due acknowledgement of the source. Permission should be requested for more extensive reproduction or translation. A copy of the reprinted or translated material should be sent to ITC.

Digital image(s) on the cover: © iStockphoto.

© International Trade Centre (ITC) ITC is the joint agency of the World Trade Organization and the United Nations.

Version of December 2022.