

# THE AFRICA FREE TRADE AREA

## & WHAT THIS MEANS FOR THE MARITIME SECTOR

- ▶ The African Continental Free Trade Area (AfCFTA) became operational on 1 January 2021, creating a free trade area ultimately expected to represent 1.2 billion people. The principal objectives are to create a single market for goods and services across 54 countries, to expand intra-African trade, to enhance global competitiveness, and to support economic transformation on the continent.

South African industries stand to benefit significantly from the AfCFTA through streamlined trade in the continent as well as investment and other opportunities; free trade, however, also poses some risks. For instance, other parties may expect reciprocal market access and technology transfer in return for free trade, potentially eroding competitive advantages built up through long-term investments.

In November 2020, member states of the African Union were encouraged to prepare national strategies to maximise their benefits from free trade, with South Africa's Medium Term Strategic Framework further committing the country to greater African trade, aiming to grow exports from 26% to 50% of the total and to eliminate tariffs on African imports.

The maritime sector is among those being targeted by other African countries and they have invested accordingly, with some being ahead of South Africa in areas such as aquaculture. In the face of such strong competition, effective strategies and innovation will be critical.

African Maritime integration commenced in 2014 with the adoption of the 2050 Africa's Integrated Maritime Strategy (AIMS Strategy). Since the Strategy anticipated the creation of the AfCFTA and noted the need to address obstructions to African trade performance, it remains relevant, especially in respect of systems integration. Examples include the creation of the Combined Exclusive Maritime Zone of Africa (CEMZA), resolutions to introduce single window entry points and logistic platforms, to promote creation of dockyard infrastructure and port facilities, and to create an African shipping fleet.



Potential opportunities can further be identified in expanded export trade with Africa. For example, South African exports of oceans economy related products to Africa between 2015 and 2019 were below R2 billion per year, yet African imports from all countries reached more than R300 billion in the highest year, 2016.

This overview reveals that a comprehensive study is needed on all opportunities available through the Maritime and Oceans Economy sphere under the AfCFTA. This will inform a clear strategy on the best use of free trade to advance national economic recovery and growth. A foundation of knowledge and skills will be further be required to secure a strong position.

The South African International Maritime Institute (SAIMI), based at Nelson Mandela University, is playing a role in the emergence of an integrated African Maritime Sector and in South Africa's competitiveness. SAIMI works with organisations across the Continent and Internationally in pursuance of those stated objectives. Projects include, amongst others, the development of a Marine Robotics Centre, and the establishment of Communities of Practice for several oceans economy sub-sectors and Research Chairs to build the research and innovation capacity of South Africa.

Through such processes, SAIMI seeks to contribute to the building of a highly skilled, knowledge-intensive and sustainable oceans sector in South Africa and on the broader African continent. ◀

