



Overview of the African Continental Free Trade Area (AfCFTA) Agreement



Florette Nakusera

05 November 2020

OUTLINE

Introduction: AfCFTA

Namibia's Trade Policy Environment

Namibia's Trade Dynamics

AfCFTA Pillars

Opportunities for Namibia

Potential Losses & Gains

Conclusion

Recommendations



African Continental Free Trade Area

AfCFTA aims to:



Eliminate tariffs on most goods

Liberalize trade of services

**Address obstacles to trade
between African countries**

Namibia's Trade Policy



Namibia relies on a variety of national documents to guide trade

Business and Intellectual
Property Authority Act 8 of
2016

Vision 2030

Namibia's Industrial Policy;

National Development Plans;

Import and Export
Control Act 30 of 1994

Namibia Investment
Promotion Act, 2016

Centre of Excellence



- **Net importer of goods and services**
 - **Exports concentrated in mainly natural resources**
 - **Trade concentrated to a few countries**



- **Intra-Africa trade low compared to intra trade within Europe, North America and ASEAN countries.**
- **Namibia exports approximately 0.7% of total exports to the non-SACU/SADC African countries**

Namibia Trade Profile



Export value (N\$ m)

Market	Market Group	Average 2009- 2019	Share 2009- 2019	2017	2018	2019
South Africa	SADC/ SACU	11,004	17.43%	15,063	15,029	15,930
Botswana	SADC	4,721	9.11%	8,453	9,252	9,315
China	RoW	3,811	7.35%	3,335	16,418	23,234
Spain	EU	2,381	4.60%	3,139	3,870	4,501
Belgium	EU	2,062	3.98%	3,229	9,332	6,915
Italy	EU	1,642	3.17%	2,687	3,039	2,246
Zambia	SADC	1,385	2.67%	2,532	3,415	3,568
Democratic Republic of Congo	SADC	969	1.87%	1,536	1,794	2,550
Netherlands	EU	806	1.55%	723	1,415	2,132
United Arab Emirates	UAE	715	1.38%	2,749	2,407	3,198
Total		63,140				

Import value (N\$ m)

Market	Market Group	Average 2009- 2019	Share 2009- 2019	2017	2018	2019
South Africa	SADC/S ACU	46,718	57.3%	49,331	49,298	50,482
Zambia	SADC	4,269	5.2%	4,345	15,744	17,431
China	RoW	3,478	4.3%	4,612	6,366	4,575
Botswana	SADC	2,478	3.0%	5,450	4,515	2,818
Switzerland	RoW	1,839	2.3%	337	325	741
Germany	EU	1,449	1.8%	1,228	1,128	1,301
Bulgaria	EU	1,395	1.7%	5,816	2,740	3,576
United Kingdom	RoW	1,390	1.7%	704	2,650	1,036
India	RoW	1,388	1.7%	1,963	1,944	3,282
United States of America	RoW	1,264	1.5%	1,751	1,848	2,026
Total		81,568				



Market Integration

- Namibia is highly integrated with the South African market
- Less integrated in other African countries

Industrial Development

- 2012 – Industrial Policy
- Growth at Home
- 2019 - Namibia Industrial Development Agency (NIDA)

Infrastructure Development

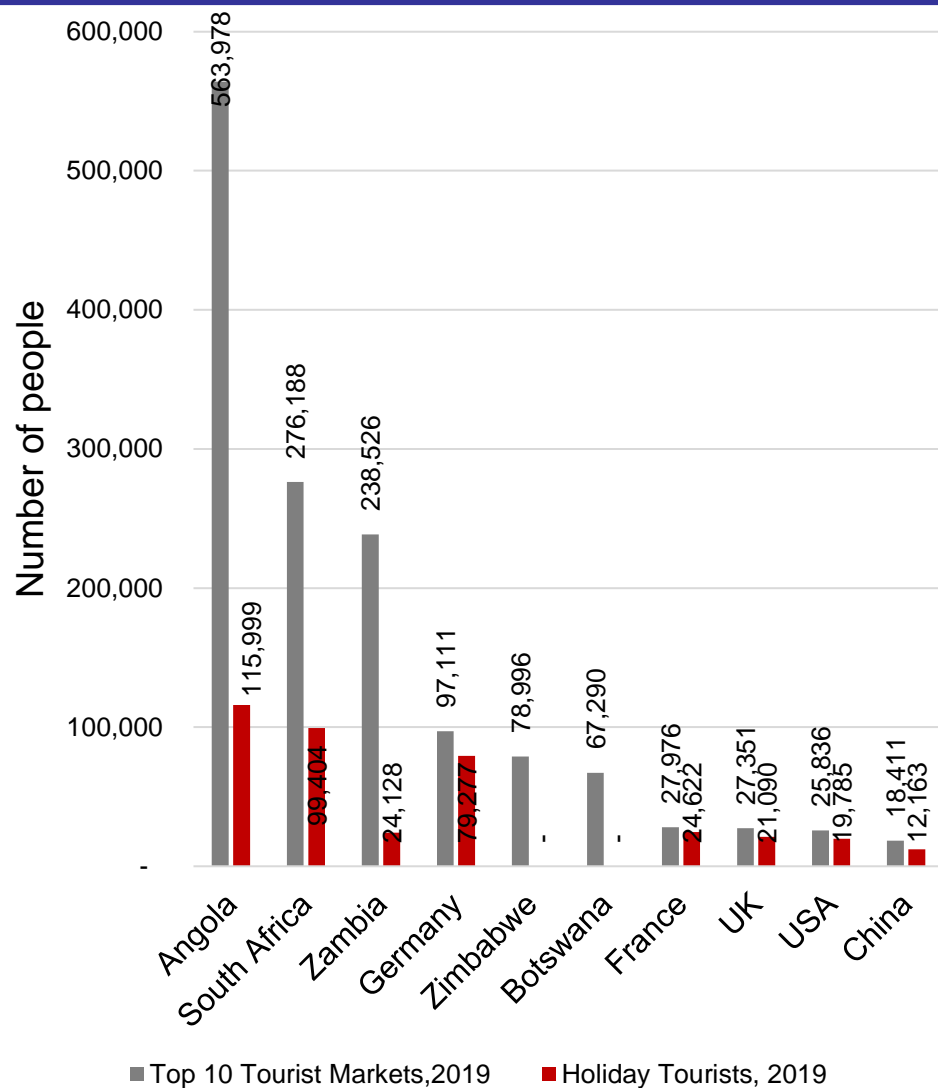
- Road infrastructure one of the best on the continent
- Railway haul capacity low
- Dry port at Walvis Bay increased trade

Centre of Excellence

Opportunities for Namibia



Africa's Tourism & Investment into Namibia



FDI by Country	2017 N\$ m	2018 N\$ m	2019 N\$ m
China	34,380	36,218	37,951
South Africa	28,537	31,273	30,146
Mauritius	7,003	7,197	6,700
Botswana	3,293	-	-
United Kingdom	2,057	3,189	3,120
British Virgin Islands	1,647	1,827	1,541
Netherlands	2,001	2,700	1,893
Germany	1,440	1,450	1,498
India	2,429	2,937	3,011
Malaysia	1,361	1,427	1,497
Canada	-	2,277	2,225
Other	5,928	3,217	3,803
	90,075	94,735	93,387

Top 10 products imported by Africa



	Product group	Imported value in 2016	Imported value in 2017	Imported value in 2018
		US\$ billion	US\$ billions	US\$ billions
	All products	460,7	503,9	573,5
1	Mineral fuels, mineral oils and products of their distillation etc.	60,5	72,3	96,4
2	Machinery, mechanical appliances, boilers; parts thereof	56,9	58,1	60,6
3	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television.	40,0	40,3	44,4
4	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	35,2	37,2	41,7
5	Cereals	19,8	22,6	21,9
6	Plastics and articles thereof	17,6	19,3	21,6
7	Iron and steel	13,4	15,1	16,7
8	Commodities not elsewhere specified	9,1	9,2	16,2
9	Pharmaceutical products	13,8	14,9	15,4
10	Articles of iron or steel	14,7	14,6	14,5

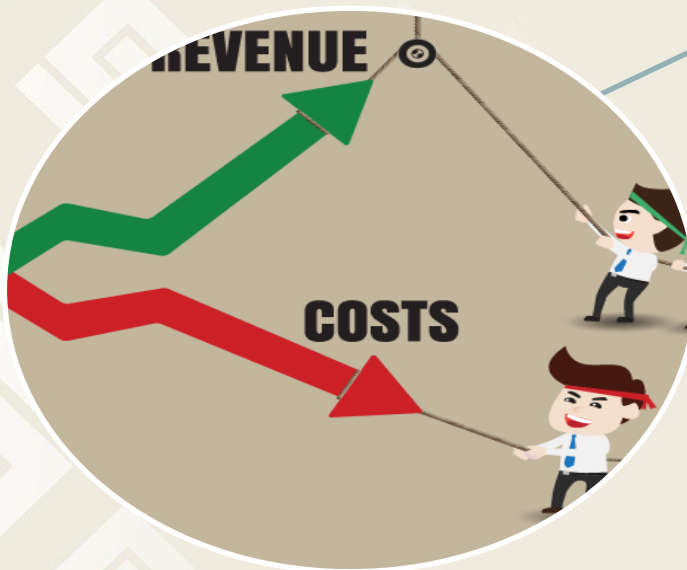
Potential losses and gains

Revenue losses

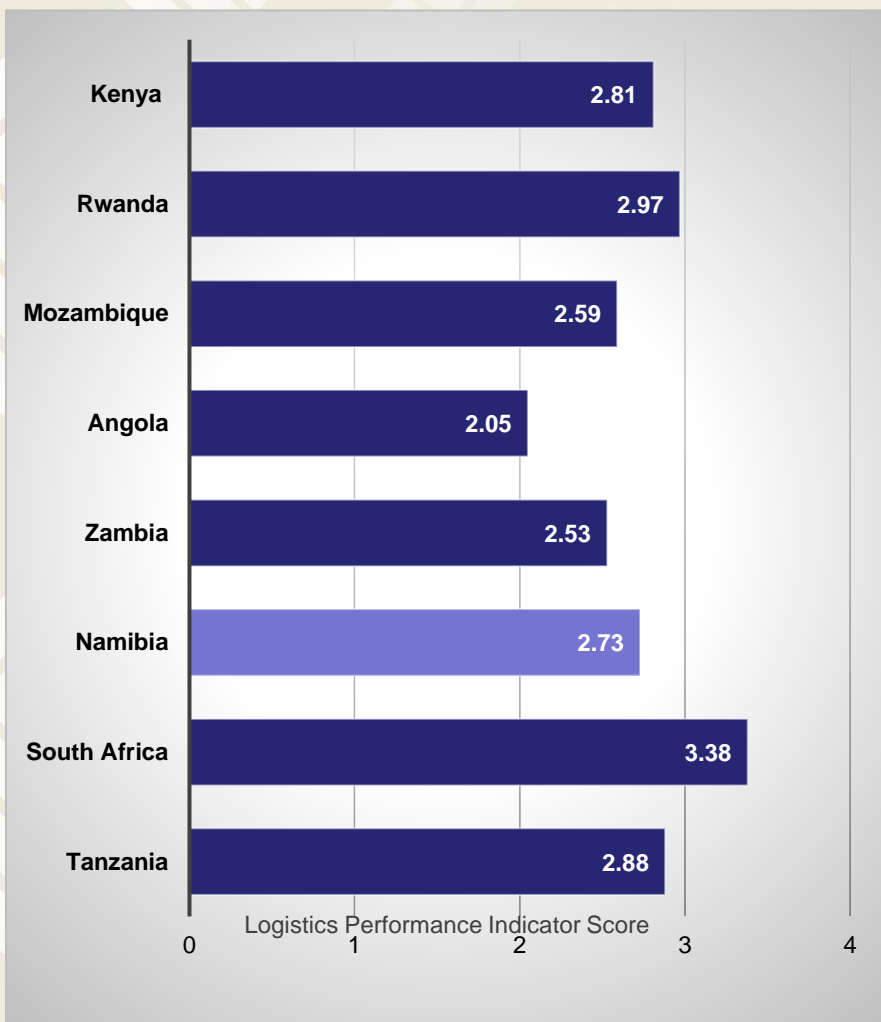
- Hypothetical revenue losses less than 0.1 percent.

Non-Trade Barriers

- Infant industry protection (IIP)
- Restriction of imports of certain products



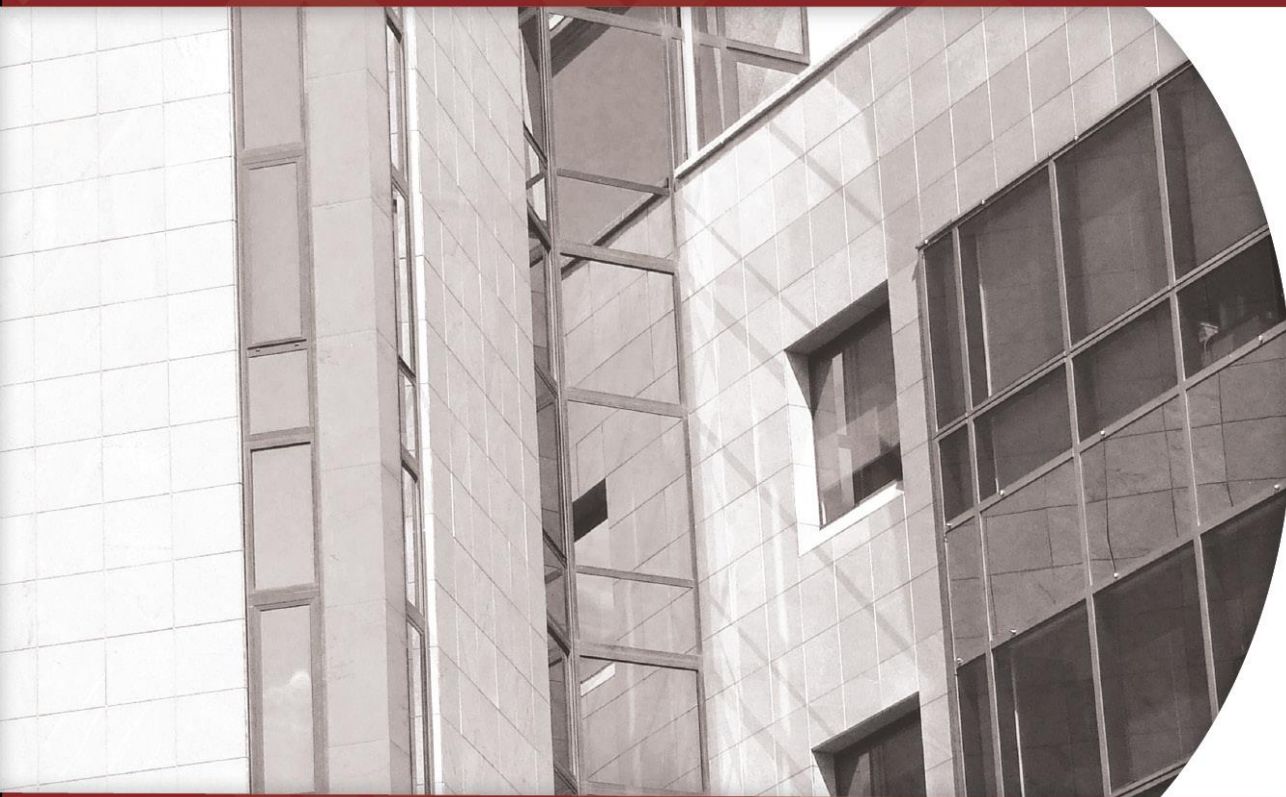
Trade Enablers



As a country aspiring to be a logistic hub, Namibia should do more (Infrastructure linking to other countries, border efficiency (one-stop border posts, general cost of trading etc), identify and fit into regional value chains.

Policy Recommendations

- The Namibian Government should invest in the provision of electricity and water supply to reduce the cost of production and enhance productive capacities of the country..
- Expedite the completion of the logistics hub centre to improve regional infrastructure which link SADC and other African countries and provide cheaper services.
- The country should expedite the adoption of the draft trade policy and ensure that it is responsive to the dynamic needs of the country in relation to the AfCFTA.
- Encourage specific industries that produce goods demanded by other African countries to set up at border towns.
- Review current industrial policies to ensure more outward looking policies.



Thank you.