The African Continental Free Trade Agreement and the Importance of a Two-Level Approach to its Success

By:

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International trade is essential to a nation's development. The history of prosperity the globe over has been characterized by traders from tribes, ethnic groups and nations expanding the reach of their market activity. Dutch and British hegemony in particular, supports this assertion. With hardly any natural resources of their own, they exploited international trade to dominate the world for more than two centuries as the first two global hegemons. Closer to the developing world, the rise of the Asian Tigers is also explained by trade openness.

While the rest of the developing countries hid for a long time behind high import barriers, the Asian Tigers, specifically Singapore, Taiwan, and South Korea opened up to the world. China, the recent addition, was once the leading nation in the world; in the 1400s it decided to disengage from international trade and by the 1700s it had collapsed in a heap of poverty. It is only the return to openness in the late 1970s with the rise to power of Deng Xiao Peng that China has witnessed stunning levels of economic development.

Post-colonial Africa seemed to have missed the significance of the link between trade and prosperity as this era was the high point of an anti-trade agenda on the continent. African countries imposed high import barriers to their domestic markets including their trade with each other. While a few efforts were made to liberalize intra-African trade through, *inter alia*, a patchwork of regional integration bodies with their preferential trading rules, intra-African trade remained at a very low level as a consequence of high tariff and non-tariff barriers. Not surprisingly, the African landscape is littered with bodies of glorious cooperation failures as most integration agreements have generated very little rise in trade flows between their parties.

Also notwithstanding treaty commitments, a lot of early integration agreements were never really effective as they were easily watered down or dissolved by African leaders acting capriciously. It is this failure of regionalism that raises issues about the adoption of the African Continental Free Trade Agreement (AfCFTA). The AfCFTA outlines rules pertaining to the creation of a vast African single market where goods and services will cross national borders with no or the barest of tariff and non-tariff barriers. The supposed benefits have been lauded with the AfCFTA being the centralizing force pulling millions of traders into its orbit and providing security for their transactions through the panoply of its rules and organs.

It is too early to state whether the AfCFTA will be a success: however, while a variety of factors explain the paralysis of past and existing African regional integration, absent from the literature tends to be the fact that sophisticated trade rules are no substitute for firm convictions by policy makers at the national level, that open markets are beneficial. This claim is premised on the assertion that while the regional integration terrain in Africa is made up of largely frail treaty bodies, the history of single markets in pre-colonial Africa demonstrates a robust and vibrant framework for trans-continental trade.

History tells us the barriers to cross-border commercial activity in Africa's distant past were largely the outbreaks of conflict that threatened the caravans of traders that traversed the continent. However, even here if one trade route was closed on account of civil and military uncertainty, traders found alternative routes that were peaceful. Thus through a complex array of tools such as the traders contract institutions they developed themselves, the trust that evolved among parties after years of commercial exchange the protection by trading nations, and religious norms, African traders therefore mirrored the phenomenon of European law merchant that was at the heart of Western Europe's commercial revolution that spanned the 13th to 18th centuries. Through the development of formal and informal rules Africans constructed a continent-wide market, trading a variety of goods ranging from firearms to salt and also created a range of trans-regional currencies such as cowrie shells and gold dust as accepted mediums of exchange.

The success of this trade lay in the traders' framework for producing norms, adjudicating disputes, and enforcing their outcomes and at the same time national governments had faith in market activity as it yielded dividends in the form of trade taxes and useful goods for military defense and expansion such as guns and ammunition. Hence there was no need for formal rules captured in piles of paper and gallons of ink locking governments and other market participants into agreed commitments. Thus with governments enabling trade, and in the absence of domestic interest groups frustrating open markets, what was known as the Trans-Saharan Trade was a collaborative effort between state and non-state actors to create a vibrant forerunner of the AfCFTA.

Stemming from the above, for the AfCFTA to succeed will require more than its regulatory framework; a supporting framework is also required and this is found in what Douglass North has termed “mental models”. Mental models are the necessary norms and beliefs of policy makers - their perceptions of the world around them. If the mental constructs support regional trade, then African cross-border business interests will be protected from the use and abuse of domestic protectionist interests, and from ideologues in positions of power who pay only lip service to international trade. What then must happen is national courts, parliamentary assemblies, business groups and scholars in the field must continue to press the case that commerce lies at the heart of national prosperity and that commerce requires protection in the form of formal institutions and the so-called informal institutions that are found in the mental models of public and private actors national decision makers.

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