



Downtown Addis Ababa

++POLICY BRIEF

African Continental Free Trade Area: An Economic Powerhouse

The African Continental Free Trade Area (AfCFTA) framework represents an earnest economic integration initiative that looks to create a single market that connects more than one billion people across the African continent. By reducing trade barriers this framework has the potential to reshape Africa's economic landscape and position the continent as a more competitive destination for investment and industrial development. Policymakers, investors, and development institutions must assess how AfCFTA can stimulate infrastructure investment, and strengthen trade partnerships between African nations, and global markets including the United States.

The African continent is not a cultural monolith. The AfCFTA is comprised of approximately 55 countries representing different cultural norms and social dynamics that have existed for centuries. Unlike most homogeneous continents, the cultural diversity that fuels Africa contributes to it being the fastest growing continent in the world. Multiple think tanks, research groups and economists found that 1 out of 3 young people will be African in the next twenty to thirty years. With the overall median age of Africa today at 20 years old, the supporting workforce and future beneficiaries of AfCFTA's impact will be vast and far reaching as it accelerates the African economy between 2030 and 2050.

The majority of the 55 countries under AfCFTA have ratified the agreement through the supporting work of the African Union's Guided Trade Initiative which removed trade barriers in the early stages of AfCFTA's implementation. Some African countries have begun developing the initial stages of transportation corridors linking landlocked countries, and others have entered new export trade negotiations. Digitized financial infrastructure along with energy and seaport construction has also become working priorities for AfCFTA countries.

The long-term collective success of AfCFTA will depend not only on effective policy management, but also on the ability of governments, business and industry leaders, and communities to build dynamic partnerships necessary for sustainable long-term

implementation. The concise alignment of stakeholders and building the support required to cultivate investment and economic growth depends on the proper alignment of relevant public-private relationships. As AfCFTA moves Africa and the world into the future, organizations that invest in strategic collaboration and informed advocacy will be in the best position to engage and contribute to a prosperous African powerhouse.