


Chapter 6

AfCFTA as a Strategic Response to Trade Wars: Reinventing Africa's Role in the Global Economy

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ABSTRACT

This chapter examines the African Continental Free Trade Area (AfCFTA) as a crucial instrument for addressing global trade challenges, including the surge in protectionist policies observed during the COVID-19 pandemic. This analysis employs geoeconomics, strategic trade theory, and new regionalism to examine how the AfCFTA can enhance Africa's economic strength and independence. The chapter examines policy frameworks and case studies from Ghana, South Africa, Nigeria, and Kenya, as well as insights from various regional trade agreements, including RCEP, USMCA, and MERCOSUR. The chapter suggests that the AfCFTA could enhance Africa's position in global trade negotiations, foster regional value chains, and consolidate the continent's markets. The chapter concludes with a helpful framework that policymakers, development partners, and institutions can utilize to safeguard Africa against external shocks through the AfCFTA.

1. INTRODUCTION

Africa stands at a crossroads in its development. Global trade fragmentation, in the context of economic nationalism, alongside pervasive technological disruption, is impacting the operation of international trade. The African Continental Free

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Trade Area (AfCFTA) is a viable source to help Africa move from the fringes of international trade and become a prominent contributor to a new and equitable economic order. The AfCFTA has the potential to unite all 1.3 billion people across the continent into a single market with a total GDP of over \$3.4 trillion (UNECA, 2023). The AfCFTA has been agreed upon by 54 of the 55 African Union member states, and implementation is slowly but surely underway.

To get to this stage necessitates a view of the AfCFTA that is beyond tariff and customs regulations. The AfCFTA is a very important part of Africa's objective of reducing the higher global trade friction. This effort is going to rely on cooperation with/among countries, a great deal of political capital, and a consistently followed strategy. There are great strides and changes happening in how countries trade goods and services. Recent trends against economic protectionism, the reassembling of the global value chain, and enhancing geopolitical tensions and pressure are rendering multilateralism inherently unstable and trade increasingly unpredictable. Thus, Africa's difficulties are enhanced. One figure illustrates this. More than 60% of Africa's goods are still exported outside the continent, demonstrating that Africa's entire commodity export economy is exposed to commodity price volatility and changes to global demand that it cannot control (UNECA, 2023).

This situational reality may also represent an opportunity. The AfCFTA represents the largest free trade area in the world in terms of the number of participants. Providing Africa with a strong anchor to build and restore integrity and power that can reclaim its position within the emerging global trade networks. This chapter presents the argument that the AfCFTA serves as a geopolitical shield and a means for fostering trade and driving economic growth. The AfCFTA will act as a way of safeguarding Africa's economic independence and protect it from external destabilizing influences, by reinforcing the provisions of the AfCFTA including the internal integration of markets, the support of regional value chains, and the cooperative African position for global trade regulation it to influence the establishment of new global trading rules around digital commerce, climate change trade policy and WTO reform (UNCTAD, 2022). To influence the establishment of new global trading rules on digital commerce, climate change trade policy, and WTO reform (UNCTAD, 2022). This chapter adopts a multi-theoretical approach to the AfCFTA that includes Strategic Trade Theory (Krugman & Smith, 1994), New Regionalism Theory (Söderbaum & Shaw, 2003), and concepts relating to economic sovereignty and Geoeconomics (UNCTAD, 2021) which each match, merge, and position the AfCFTA from the perspective of a navigational tool for systematizing and augmenting the long-term resilience rather than responding to change. The methodology for the chapter is presented based on findings of four major matters:

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