

The African Framework for Intra-Regional Trade Between Continental Aspirations and the Reality of Structural Marginalization: A Critical Analytical Study of the African Continental Free Trade Area (AfCFTA) and Economic Integration Prospects

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Abstract

This analytical study addresses the problematic of "trade marginalization" plaguing the African continent, clearly manifested in the negligible volume of intra-regional trade compared to other global economic blocs such as the European Union and Asia. The paper aims to deconstruct the structural architecture of the African economy inherited from the colonial era and analyze the effectiveness of modern institutional frameworks, primarily the African Continental Free Trade Area (AfCFTA) agreement, in addressing this structural imbalance. Utilizing a descriptive-analytical and comparative approach, and based on the latest statistical data for 2022-2023 issued by the African Export-Import Bank (Afreximbank) and the Economic Commission for Africa (UNECA), the study concludes that removing tariff barriers alone will not be sufficient to break the cycle of marginalization. The results reveal that non-tariff barriers, weak logistical infrastructure, and the absence of regional value chains represent the true obstacles to integration. Furthermore, the paper critically discusses the potential risks of major economies (Egypt, Nigeria, South Africa) dominating trade gains, which could reproduce marginalization internally. In conclusion, the study recommends adopting integrative industrialization policies, accelerating the digital transformation of trade, and activating the Pan-African Payment and Settlement System to decouple from foreign currencies.

Keywords: Intra-African Trade, AfCFTA, Structural Marginalization, Regional Value Chains, Economic Integration, Logistics Infrastructure.

1. Introduction

For decades, intra-African trade has constituted a major economic and political dilemma in the literature of economic development and international political economy. Although the African continent possesses immense natural wealth, including 30% of global mineral reserves, and holds more than 60% of the world's uncultivated arable land, in addition to a massive consumer market exceeding 1.3 billion people with a combined GDP approaching \$3.4 trillion, its contribution to global trade remains negligible, hovering below the 3% threshold (UNCTAD, 2022, p. 15). More critically, the volume of trade between its nations (intra-regional trade) remains the lowest compared to other economic blocs worldwide, barely exceeding 16-18% in the most optimistic estimates (Afreximbank, 2023, p. 32). This stands in stark contrast to the European Union, where intra-regional trade accounts for nearly 70% of total trade, or Asia, where it exceeds 50%.

The term "marginalization" in the context of this study does not only refer to Africa's peripheral position in global supply chains as merely a source of cheap raw materials and a consumer of manufactured goods. Rather, the concept extends to include the marginalization of internal opportunities for integration and self-growth. African economies have remained hostage for decades to a distorted development model based on exporting raw materials and importing manufactured goods, making them permanently vulnerable to external shocks and global price fluctuations (Lopes, 2019, p. 45). This "outward orientation" has historically undermined the development of regional value chains, creating a fragmented economic geography where neighboring countries often have stronger commercial ties with Europe or Asia than with each other.

The establishment of the African Continental Free Trade Area (AfCFTA) and its entry into actual force represents a major strategic response to this cycle of marginalization. It is not merely a trade agreement but a comprehensive project to redraw the continent's economic geography. However, the transition from aspiration to reality is fraught with structural challenges. As noted by Songwe and MacLeod (2021), the success of the AfCFTA depends not just on tariff liberalization but on dismantling the "thick borders" created by non-tariff barriers, infrastructure deficits, and political fragmentation.

1.1. Research Problem and Questions

The study stems from a main problem statement: *To what extent can the new institutional framework represented by the AfCFTA address the roots of structural marginalization of intra-regional trade in light of current logistical and political challenges?*

This main problem branches into sub-questions that form the research structure:

- What are the historical and structural roots that led to the marginalization of intra-African trade and the entrenchment of economic dependency patterns?
- How do intra-African trade indicators compare with their counterparts in Asia, Europe, and Latin America in terms of recent figures (2018-2023)?
- Do the existing Regional Economic Communities (RECs) possess the ability to integrate into the unified continental market, or will they constitute an additional bureaucratic hurdle?
- What are the potential repercussions of implementing the agreement on Least Developed Countries (LDCs), and are there genuine fears of "marginalization within marginalization" in favor of major economic powers like Egypt, South Africa, and Nigeria?

1.2. Research Methodology

The study relies on a composite methodology combining several approaches to ensure comprehensiveness. First, the Historical-Structural Approach is utilized to trace the roots of the distortion of African economic structures since the colonial era, utilizing the theoretical frameworks of dependency theory as articulated by scholars like Samir Amin (2018, pp. 110-125). This approach allows us to understand how colonial extraction patterns created path dependencies that persist today. Second, the Statistical-Comparative Approach is employed to analyze trade data issued by Afreximbank, UNECA, and UNCTAD, comparing African metrics with data from the EU and ASEAN to quantify the "integration gap." This quantitative analysis provides empirical evidence of Africa's marginalization (UNCTAD, 2022, p. 22). Third, the Policy Analysis Approach is used to evaluate the legal texts and protocols of the AfCFTA agreement, specifically looking at the Annexes on Rules of Origin and Trade Facilitation to assess their practical applicability.

1.3. Study Limitations

This research acknowledges several limitations. First, the AfCFTA is still in its early implementation phase, making long-term impact assessment premature. Second, data availability and quality remain challenges in many African countries, particularly regarding informal cross-border trade which constitutes a significant but poorly documented portion of intra-regional commerce (Afreximbank, 2023, p. 28). Third, the study focuses primarily on economic dimensions, with limited exploration of the socio-cultural factors that influence trade patterns. Finally, the rapidly evolving geopolitical landscape, particularly the impacts of the COVID-19 pandemic and recent global conflicts, introduces variables that are difficult to fully account for in the analysis (World Bank, 2020, p. 12).

1.4. Significance of the Study

This research contributes to the growing body of literature on African economic integration by providing a comprehensive critical analysis of the AfCFTA that goes beyond celebratory narratives. It identifies specific structural bottlenecks and proposes actionable policy recommendations. The study's significance lies in its holistic approach that combines historical analysis with contemporary policy evaluation, offering insights valuable to policymakers, regional organizations, and development practitioners working on African integration (Lopes, 2019, p. 23). Furthermore, by highlighting the risks of unequal distribution of benefits, the study contributes to debates on inclusive growth and equitable development within regional integration frameworks.

2. Historical Roots of Marginalization

2.1. Colonial Legacy and the Engineering of Dependency

The reality of intra-regional trade today cannot be fundamentally understood without revisiting the engineering of African economies during the colonial era. The Berlin Conference of 1884-1885 did not merely partition territory; it partitioned economic logic. The continent's infrastructure and institutions were designed according to the strict logic of an "Extractive Economy" rather than "Internal Integration" (Amin, 2018, p. 112). Railway lines and roads constructed in the late 19th and early 20th centuries were built to connect extraction areas—such as the copper mines in the Congo, cocoa farms in Ghana, or cotton fields in Sudan and Egypt—directly to seaports for export to European metropolises like London, Paris, and Brussels. There was a deliberate lack of infrastructure connecting neighboring territories, creating a "hub-and-spoke" system where the hub was always in Europe.

This pattern created what economist Samir Amin called "outward-centered economies," where each African state is linked to the former colonizer more than to its direct neighbor (Amin, 2018, p. 117). This legacy entrenched a similar production pattern (exporting raw materials) across nations, making African countries competitors in global markets rather than complementary partners. For instance, two neighboring countries might both export coffee and import processed coffee, eliminating the economic basis for trade between them (Lopes, 2019, p. 58). This structural homogeneity is a significant barrier; trade requires a diversity of production, which the colonial division of labor actively suppressed.

The impact of this colonial economic architecture extends beyond mere infrastructure. Colonial powers deliberately prevented the development of manufacturing capacity in Africa, ensuring that value addition occurred in Europe. The few industries that did emerge were designed to support the extraction and export of raw materials rather than serving local markets. This created what some scholars term "enclave economies"—isolated pockets of economic activity disconnected from the broader domestic economy and oriented entirely toward external markets (Amin, 2018, p. 122). The psychological impact of this orientation persists today, with many African elites viewing imported goods as superior to locally produced alternatives, further undermining demand for regional products.

2.2. Failures of Early Integration Attempts

Following independence, the first generation of African leaders, such as Kwame Nkrumah and Julius Nyerere, recognized this structural dilemma. The drive for Pan-Africanism was as much economic as it was political. Several attempts were made to establish economic blocs to counter this dependency. The "Lagos Plan of Action" in 1980 was a seminal document aiming to boost self-reliance, but it struggled against the headwinds of the global debt crisis and the imposition of Structural Adjustment Programs (SAPs) by the Bretton Woods institutions in the 1980s and 1990s (Hammad, 2022, p. 42). These SAPs prioritized trade liberalization with the global market (the West) over regional integration, often forcing African states to reduce tariffs unilaterally, which prematurely exposed their infant industries to global competition.

The Abuja Treaty in 1991 established the roadmap for the African Economic Community, envisioning a gradual integration process through Regional Economic Communities (RECs). However, these ambitions clashed with political instability and governments' heavy reliance on customs duties as a primary source of fiscal revenue. Additionally, the phenomenon of overlapping memberships in regional blocs—known as the "Spaghetti Bowl" phenomenon—led to conflicting rules and regulations. A country belonging to both COMESA and SADC might face contradictory tariff regimes and rules of origin, creating legal and procedural chaos that hindered rather than helped trade flows.

3. Diagnosing Reality: The Language of Numbers (2018-2023)

3.1. Comparative Analysis of Intra-Regional Trade Globally

To illustrate the magnitude of marginalization, Africa's performance must be compared with other global blocs. The statistical disparity is not merely a difference in degree but in kind. While other regions have successfully utilized regionalism as a springboard for global competitiveness, Africa remains fragmented. Table 1 clarifies the comparison of intra-regional trade volume and type between major economic blocs.

Economic Region	Bloc /	Intra-Regional Trade % of Total Trade	Nature of Traded Goods
European (Europe)	Union	68%	Manufactured goods, technology, high-value services, automobiles
Asia (Developing Asia)		59%	Electronics, spare parts, textiles, intermediate components
North (USMCA)	America	50%	Automobiles, energy, consumer goods, agricultural technology
Latin America		20%	Agricultural goods, minerals, some manufactures
Africa		16% - 18%	Raw materials, basic food commodities, few manufactures

Source: Researcher's compilation based on data from UNCTAD (2022, p. 22) and Afreximbank (2023, p. 35).

The figures show that Africa trails the global list by a wide margin. While Europe and Asia rely on their internal markets as engines of growth and buffers against external volatility, Africa still seeks growth outside its borders. This makes the continent highly susceptible to global disruptions. The impact of the COVID-19 pandemic and the Ukraine war highlighted this vulnerability starkly; the continent faced a severe food crisis despite the availability of agricultural surpluses in some African countries (like Zambia and South Africa), simply because weak intra-regional trade infrastructure prevented the efficient transfer of these surpluses to deficit areas (Afreximbank, 2023, p. 40).

3.2. Structure of Intra-Regional Exports

Despite the grim picture of total volume, there is a significant qualitative difference when analyzing the type of goods traded. Intra-African trade differs fundamentally from Africa's exports to the rest of the world. While hydrocarbons and raw minerals dominate the continent's exports abroad (constituting over 70% of total exports), intra-regional trade contains a significantly higher percentage of manufactured goods. Approximately 40% to 45% of intra-African trade consists of manufactured and semi-manufactured goods, including processed foods, cement, textiles, and light manufactures (UNCTAD, 2022, p. 28). This implies that enhancing intra-regional trade is effectively the fastest path to industrialization in Africa. Unlike trade with China or the EU, which often reinforces a raw-material export model, trade between Kenya and Uganda, or South Africa and Nigeria, encourages value addition and industrial processing.

4. The African Continental Free Trade Area (AfCFTA)

4.1. Legal and Institutional Framework

The AfCFTA entered into commercial force in January 2021, representing the largest free trade area in the world by number of member states since the establishment of the World Trade Organization (WTO). The agreement aims to unite a market of 54 countries with a combined GDP of \$3.4 trillion. Its design goes beyond traditional tariff reduction to include comprehensive protocols aimed at liberalizing trade in services, enhancing competition policy, protecting intellectual property rights, and settling disputes (AU, 2020, Article 3). The agreement mandates that member states remove tariffs on 90% of goods. This liberalization is to occur gradually: over 5 years for developing countries and 10 years for Least Developed Countries (LDCs), acknowledging the different levels of economic readiness (Songwe & MacLeod, 2021, p. 18).

The institutional structure includes the AfCFTA Secretariat, based in Accra, Ghana, which functions as the administrative engine. The Council of Ministers of Trade serves as the decision-making body, ensuring political oversight. A critical component is the Dispute Settlement Mechanism, modeled after the WTO system, which provides a legal avenue for states to resolve trade conflicts, a feature often lacking or ineffective in previous RECs (Hammad, 2022, p. 52).

4.2. Guided Trade Initiative: Moving to Implementation

To transition from theory to practice and avoid the stagnation that plagued previous agreements, the Secretariat launched the "Guided Trade Initiative" (GTI) in late 2022. This pilot project included a practical trial of exporting specific goods—such as tea, batteries, ceramics, and coffee—between 8 countries (including Egypt, Ghana, Kenya, Tanzania, Cameroon, and Rwanda). This experiment served as a "Stress Test" for the new system, proving the operational feasibility of unified customs certificates and the e-tariff book (Afreximbank, 2023, p. 55). While the volumes traded under the GTI were modest, the symbolic and procedural value was immense, demonstrating that goods could indeed clear customs under AfCFTA preferences, identifying bottlenecks in real-time.

4.3. Protocols on Trade in Services

Beyond goods, the AfCFTA includes ambitious provisions for liberalizing trade in services, which currently accounts for over 50% of Africa's GDP but remains largely untapped in cross-border transactions. The Protocol on Trade in Services covers key sectors including telecommunications, financial services, transport, and professional services. Given Africa's youthful population and growing digital economy, services trade represents a significant opportunity for job creation and economic diversification (Songwe & MacLeod, 2021, p. 19). However, implementation faces challenges related to regulatory harmonization, mutual recognition of professional qualifications, and the need for significant investment in digital infrastructure. The potential for services trade is particularly high in sectors where Africa has demonstrated competitive advantages, such as mobile banking innovations pioneered in Kenya and Nigeria (Afreximbank, 2023, pp. 68-70).

4.4. Investment and Intellectual Property Protocols

The AfCFTA framework extends beyond trade facilitation to address critical enablers of economic integration. The Protocol on Investment aims to create a more predictable and transparent investment climate across the continent, addressing long-standing concerns about regulatory uncertainty and investment protection (AU, 2020, Articles 15-18).

This is particularly important given that intra-African foreign direct investment (FDI) remains below 20% of total FDI flows into the continent, indicating significant untapped potential (World Bank, 2020, p. 32). Similarly, the Protocol on Intellectual Property Rights seeks to balance innovation incentives with access to knowledge and technology, a particularly sensitive issue for pharmaceutical manufacturing and agricultural biotechnology sectors.

5. Structural Challenges: Infrastructure and Logistics

5.1. The Dilemma of Transport and Logistics

Perhaps the most daunting obstacle to the AfCFTA's success is physical rather than legal. Transport costs in Africa are among the highest globally, often acting as a higher tax on trade than tariffs themselves. World Bank reports indicate that shipping a container from Shanghai to Mombasa is often cheaper than moving that same container from the port of Mombasa to Kampala or Kigali (World Bank, 2020, p. 18). The continent's railway network suffers from a lack of connectivity and varying gauge widths—a direct colonial heritage where British, French, and German colonizers built incompatible systems. This necessitates cargo offloading and reloading at borders, increasing costs and delays. The "missing links" in the Trans-African Highway network remain substantial, with paved roads often ending abruptly at national borders.

5.2. Non-Tariff Barriers (NTBs)

With tariffs decreasing under the AfCFTA, non-tariff barriers (NTBs) are emerging as the most formidable obstacle. These barriers are invisible, harder to quantify, and often deeply entrenched in national bureaucracies.

Type of Barrier	Description and Impact
Complex Rules of Origin	Strict requirements to prove a product is "Made in Africa." Given the reliance on imported intermediate inputs, many African manufacturers struggle to meet the threshold for value addition, denying them tariff exemption.
Technical Standards & Specifications	Divergence in quality, health, and safety standards between countries leads to the rejection of goods. For example, food packaging standards in South Africa may differ from those in Kenya, blocking trade (World Bank, 2020, p. 21).
Bureaucratic Procedures	Multiple required documents, lack of digitization, slow customs clearance, and administrative corruption at border crossings. The "time cost" of waiting at borders erodes competitiveness.
Sanitary and Phytosanitary Measures (SPS)	Stringent checks on agricultural products, often used essentially as protectionist tools to block foreign competition under the guise of health safety.

Source: Researcher's analysis based on AfCFTA Secretariat reports (2023).

6. Socio-Economic Dimensions

6.1. The Digital Economy and Payment Systems

A critical innovation in the African trade landscape is the launch of the Pan-African Payment and Settlement System (PAPSS) by Afreximbank. This system addresses a fundamental absurdity in intra-African trade: the reliance on third-party foreign currencies. Previously, a Ghanaian importer buying goods from Nigeria would often have to convert Ghanaian Cedis to US Dollars, which would then be converted to Nigerian Naira, with the transaction often routed through correspondent banks in New York. This process added significant costs and depleted foreign currency reserves. PAPSS allows for settlement in local currencies, with the system settling the net difference instantly. It is estimated that this could save the continent approximately \$5 billion annually in transfer fees (Afreximbank, 2023, p. 64). This financial infrastructure is as vital as physical roads for the success of the AfCFTA.

6.2. Role of Women and Youth in Informal Trade

Informal cross-border trade constitutes a significant portion of economic activity, estimated at 30-40% of total intra-regional trade in some sub-regions like the EAC and SADC (UNCTAD, 2022, p. 30). Women are the primary actors in this sector, managing about 70% of informal cross-border trade. However, these traders often face harassment, confiscation of goods, and lack of legal protection. The AfCFTA includes protocols on women and youth in trade, recognizing that "formalizing" this trade should not mean penalizing it, but rather simplifying procedures (such as the

Simplified Trade Regime used in COMESA) to ensure that the benefits of free trade reach small merchants and border communities, not just large corporations.

7. The Geopolitics of Trade: International Players

Africa does not operate in a vacuum, and the AfCFTA is being implemented in a crowded geopolitical space. Major global powers view the unification of the African market with a mix of support and strategic calculation.

- **China:** As the continent's top trading partner, China supports African infrastructure development through the Belt and Road Initiative, which ostensibly aids the AfCFTA by improving connectivity. However, there are fears that a unified African market with lower internal tariffs could be targeted by Chinese exports. If Rules of Origin are not strictly enforced, Chinese goods could enter one African port and flood the entire continent duty-free, undermining local industrialization (Hammad, 2022, p. 55).
- **European Union:** The EU has long negotiated Economic Partnership Agreements (EPAs) with various African regions. Critics argue that these EPAs, which demand reciprocal market access, might conflict with the AfCFTA's goal of prioritizing regional industrialization. By locking African countries into duty-free imports of European manufactured goods, EPAs could stifle the growth of infant African industries that the AfCFTA aims to nurture (Lopes, 2019, p. 72).
- **United States:** Through the African Growth and Opportunity Act (AGOA), the US has provided preferential access to African exports. The expiration of AGOA in 2025 creates uncertainty. The US has recently signaled interest in supporting the AfCFTA, viewing a unified market as easier for American corporations to navigate than 54 fragmented ones, though its focus remains heavily on strategic minerals.

8. Case Studies

8.1. The East African Community (EAC)

The EAC is often cited as the most advanced REC in Africa. It has achieved a functioning Customs Union and a Common Market. The experience of the EAC offers valuable lessons for the AfCFTA. On the positive side, the "One Network Area" for telecommunications and the use of Single Customs Territory concepts have significantly reduced transit times from Mombasa to Kigali (from 21 days to 6 days). However, the EAC also illustrates the fragility of integration; non-tariff barriers frequently re-emerge during diplomatic spats between member states (e.g., border closures between Uganda and Rwanda), highlighting that technical agreements are vulnerable to political whims.

8.2. ECOWAS

The Economic Community of West African States (ECOWAS) has made significant strides in the free movement of persons, with the ECOWAS passport serving as a model for the continental passport. However, trade integration has been slower, hampered by the dominance of the Nigerian economy and its protectionist tendencies (such as the 2019 border closure), which serves as a cautionary tale about the role of regional hegemony in the wider AfCFTA context (Hammad, 2022, p. 58).

9. Risk Analysis

The implementation of the AfCFTA is not without significant risks. The primary concern is the distributional impact. Economic integration theory suggests that benefits often accrue disproportionately to the most developed members. There are genuine fears of "marginalization within marginalization," where major economies like Egypt, South Africa, and Nigeria—which possess established industrial bases—capture the lion's share of trade gains (World Bank, 2020, p. 25). This could lead to de-industrialization in smaller, less developed economies if they are flooded with goods from their more advanced neighbors.

Furthermore, the loss of tariff revenue is a critical issue. For many small African states, customs duties constitute up to 15-20% of government revenue (World Bank, 2020, p. 28). While the long-term GDP gains are projected to outweigh these losses, the short-term fiscal shock could be destabilizing, particularly for countries with limited alternative revenue sources. The AfCFTA Adjustment Fund has been established to mitigate this, with an initial target capitalization of \$10 billion, but actual contributions have lagged behind commitments, raising questions about its adequacy (Afreximbank, 2023, p. 88).

Another significant risk concerns the capacity constraints faced by many member states in implementing the complex provisions of the agreement. Effective participation in the AfCFTA requires sophisticated trade policy infrastructure, including the ability to negotiate rules of origin, monitor non-tariff barriers, and enforce competition policy. Many smaller and least developed countries lack the technical expertise and institutional capacity to fully engage in these processes, risking their marginalization in the negotiation and implementation phases. This "implementation gap" could undermine the inclusive nature of the agreement if not addressed through substantial capacity-building initiatives.

The **political economy of domestic reform** presents additional challenges. Trade liberalization inevitably creates winners and losers within domestic economies. Industries that have benefited from protection may resist opening to regional competition, and their political influence could slow or derail implementation. The experience of previous regional integration efforts shows that domestic political resistance has been a major obstacle to progress (Hammad, 2022, p. 61). Successfully managing these domestic political dynamics requires effective communication of the benefits of integration and compensatory mechanisms for adversely affected groups.

10. Conclusion and Recommendations

The study concludes that the AfCFTA represents a "point of no return" in Africa's path to economic independence and a fundamental reimagining of the continent's economic geography. It is the most significant institutional attempt to reverse the colonial economic structure that has marginalized the continent for over a century (Lopes, 2019, p. 89). However, the agreement is a necessary but insufficient condition for success. Removing tariffs alone will not break the cycle of marginalization if goods cannot be moved physically, if productive capacity remains underdeveloped, or if nothing of value is produced to trade.

The analysis presented in this study reveals several critical insights. First, Africa's trade marginalization is not merely a contemporary policy failure but the result of deep structural distortions embedded during the colonial period and reinforced through decades of dependent development. The "outward orientation" of African economies, their production homogeneity, and their integration into global value chains at the lowest rungs represent path dependencies that cannot be overcome through legal frameworks alone (Amin, 2018, p. 128). Second, while the AfCFTA's legal and institutional architecture is comprehensive and well-designed, drawing lessons from both the successes and failures of other regional integration projects, its effectiveness depends critically on complementary policies in infrastructure development, industrial policy, and human capital formation.

Third, the comparative analysis demonstrates that Africa's 16-18% intra-regional trade ratio is not simply a quantitative deficit but reflects qualitative differences in economic structure. Unlike the European Union or ASEAN, where high intra-regional trade reflects deep production integration and value chains, African countries largely trade similar commodities, limiting the scope for complementarity (UNCTAD, 2022, pp. 32-34). However, the fact that intra-African exports contain a higher proportion of manufactured goods (40-45%) compared to Africa's exports to the rest of the world (less than 30%) suggests that the AfCFTA can serve as a platform for industrialization if properly leveraged (Afreximbank, 2023, p. 74).

Fourth, the study identifies non-tariff barriers—particularly infrastructure deficits, complex rules of origin, divergent standards, and bureaucratic inefficiencies—as the binding constraints on integration. The "thick borders" that characterize intra-African trade impose costs equivalent to tariffs of 50% or more, far exceeding the tariff reductions envisaged under the AfCFTA (World Bank, 2020, pp. 35-38). Addressing these barriers requires sustained investment, regulatory harmonization, and political commitment that extends beyond trade ministries to encompass transport, energy, telecommunications, and regulatory agencies.

Fifth, the analysis highlights significant risks of uneven distribution of benefits. Economic geography theory suggests that in the absence of compensatory mechanisms, trade liberalization tends to concentrate economic activity in locations with existing advantages—established infrastructure, skilled labor, and agglomeration economies. In the African context, this could lead to the concentration of industrial activity in Egypt, South Africa, and Nigeria, potentially deindustrializing smaller economies. The AfCFTA Adjustment Fund, while conceptually sound, requires adequate capitalization and effective governance to fulfill its compensatory function.

Success depends fundamentally on the political will to cede short-term sovereign gains (customs revenues, protection of inefficient industries) for the collective good (market expansion, economies of scale, enhanced competitiveness). The experience of the European Union demonstrates that successful integration requires more than economic incentives; it demands a shared political vision and willingness to accept supranational authority in certain domains (Songwe, 2021, p. 21). Whether African political leaders are prepared to make such compromises remains an open question, particularly given the continent's history of sovereignty-consciousness stemming from the colonial experience.

10.1. Theoretical Implications

From a theoretical perspective, the AfCFTA experience contributes to debates in the literature on regional integration and development. It challenges the "linear stages" approach to integration (from free trade area to customs union to common market) embedded in the Abuja Treaty, suggesting instead that Africa may need to pursue multiple dimensions of integration simultaneously (Lopes, 2019, pp. 95-98). The emphasis on infrastructure development, digital systems like PAPSS, and services liberalization alongside goods trade liberalization represents a more holistic "building blocks" approach that recognizes the interdependencies between different aspects of integration.

Moreover, the AfCFTA's challenges illuminate the limitations of "new regionalism" theories that emphasize market-driven integration through reducing barriers to private sector activity. The African experience suggests that in contexts of severe infrastructure deficits and weak productive capacity, state-led developmental initiatives—such as coordinated industrial policy and public investment in connectivity—remain essential complements to market liberalization (Amin, 2018, pp. 135-140). This aligns with the experience of successful late industrializers in East Asia, which combined outward orientation with strategic state intervention.

10.2. Strategic Vision for 2063

The AfCFTA must be understood within the broader context of Agenda 2063, the African Union's strategic framework for continental transformation. The vision of a prosperous and integrated Africa requires the AfCFTA to serve as more than a trade agreement; it must become a platform for structural economic transformation (AU, 2020, pp. 8-10). This requires moving beyond import substitution within regional markets to developing genuinely competitive industries capable of competing globally. The automotive industry in South Africa and Morocco, the pharmaceutical sector in Egypt and Kenya, and the ICT services sector in Nigeria and Rwanda represent potential nuclei for regional value chains that could drive this transformation (Afreximbank, 2023, pp. 105-110).

Achieving this vision requires confronting uncomfortable truths about Africa's current position in the global economy. The continent's share of global manufacturing value-added has declined from over 3% in 1970 to less than 2% today, even as its population has grown from 10% to 17% of the global total (UNCTAD, 2022, p. 8). The AfCFTA alone cannot reverse this deindustrialization; it must be accompanied by explicit industrial policies, investment in technical education, and support for innovation ecosystems.

Recommendations

Short Term (1-2 Years):

- **Activate "Green Lanes":** Implement expedited border crossings for perishable goods and essential supplies to build immediate confidence in the system.
- **Expand PAPSS Adoption:** Central banks must aggressively onboard commercial banks to the PAPSS system to reduce dollar-dependency immediately.
- **Harmonize Standards:** Accelerate the work of the African Organisation for Standardisation (ARSO) to unify standards for top traded commodities.

Medium Term (3-5 Years):

- **Build Regional Value Chains (RVCs):** Focus on specific sectors where Africa has a comparative advantage, such as the automotive sector (connecting Morocco, South Africa, and Egypt) and pharmaceuticals (connecting East and West Africa).
- **Operationalize the Adjustment Fund:** Ensure the AfCFTA Adjustment Fund is fully capitalized to compensate LDCs for tariff revenue losses, maintaining political cohesion.

Long Term (5-10 Years):

- **Infrastructure Connectivity:** Prioritize the completion of missing links in the Trans-Sahara Highway and the African Integrated High-Speed Railway Network.
- **Free Movement of Persons:** Accelerate the ratification of the Protocol on Free Movement of Persons, as trade in services and goods cannot thrive if traders themselves cannot move.

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