



Southern and Eastern African Trade Information and Negotiations Institute (SEATINI),

in the Regional network for Equity in health in east and southern Africa (EQUINET)



Brief 49: Addressing health implications of the African Continental Free Trade Agreement in east and southern Africa

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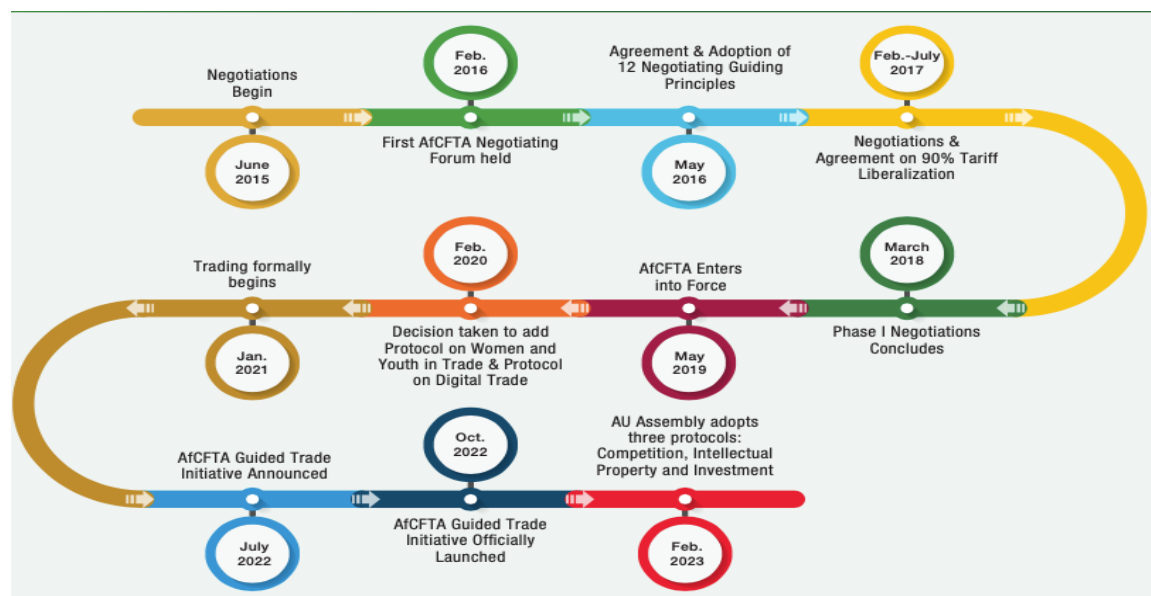
The African Continental Free Trade Area (AfCFTA) is a flagship initiative of the African Union in line with Agenda 2063. It aims to establish a single market for a wide range of goods and services across the 55 countries in Africa. The AfCFTA could through its enhanced markets, trade and interaction across countries unlock potential growth and contribute to enhanced socio-economic wellbeing, and could facilitate production and trade in health promoting commodities. However liberalized trade, including in harmful products, falling public revenues from lost tariff income, illicit financial flows and migration of scarce skills from low to higher income African countries could also impact negatively on the health and well-being, on environment for health and health services, and widen inequalities within and between countries. The AfCFTA should thus be accompanied by measures to prevent and address such negative impacts. This policy brief summarises findings of a more detailed analysis in EQUINET discussion paper 131 on the impacts of the AfCFTA on health in East and Southern Africa and recommended measures for action by both state and non-state actors to address these impacts.

What is the African Continental Free Trade Area?

The AfCFTA seeks to create a continental market of 1.4 billion people with a gross domestic product (GDP) of \$2.5 trillion. It aims to boost intra-Africa trade, currently at only 12% of African trade, and significantly lower than that of other regions. As its overarching objective, the AfCFTA seeks to eliminate tariffs of up to 97% of tradable goods and non-tariff barriers amongst the African countries, and to facilitate movement of people for economic integration on the continent.

Negotiations on the AfCFTA agreement were launched in June 2015 under the African Union (AU), and by February 2023, 54 of the 55 African countries had signed the Agreement (except Eritrea), and 46 countries had ratified it. (See Figure 1 on the timeline). The agreement provides the foundation for legal processes at the national level to domesticate and implement it.

Figure 1: Timeline and milestones of the AfCFTA



Source: Economic Commission for Africa, 2023:6

As *Figure 1* shows, the first phase of AfCFTA negotiations focused on liberalising trade in goods, trade in services and dispute settlement. The second phase focused on competition policy, investment, and intellectual property rights. Although protocols on goods, services and dispute settlement have been adopted, negotiations are still to be completed for their implementation. State parties to the AfCFTA have agreed to eliminate tariffs on 97% of products over an agreed period, excluding only 3% of total products from this, with transport, communication, finance, tourism and business services prioritised for immediate liberalisation. In line with the Sustainable Development Goals (SDGs), the AfCFTA seeks to promote green jobs, fight climate change through the implementation of agreed technical standards across different sectors, and transform African economies to be competitive regionally, continentally and globally. The AfCFTA also intends to address the multiple and overlapping memberships of various regional blocs.

In liberalising trade among African countries, the AfCFTA provisions cover the same issues as those covered in World Trade Organization (WTO) agreements and must comply with the international trade rules set by the WTO. WTO trade rules encroach into many of these areas, with determinants of health affected by trade-related issues like competition policy, investment policy and intellectual property rights among others. Trade liberalisation under WTO rules has covered almost all known sectors, including agriculture, services and market access for industrial goods.

What implications does the AfCFTA have for health?

Social determinants such as income and social protection education; employment, job security; working life conditions; food security; housing; essential and health care services; environments; early childhood development; social inclusion and non-discrimination all impact on health and health equity. The AfCFTA may impact directly or indirectly on all of these areas.

Liberalised trade can stimulate **new production and bring new health products to markets**. As a positive impact, the AfCFTA protocol on intellectual property facilitates innovation, and with technology transfer and the benefit of a continental market, may enable local production of health-related products, improving more distributed access to medicines, diagnostics and other health technologies. An AfCFTA investment protocol can, if these areas are prioritised, bring investment to transport and health infrastructures, improving access to services. The benefits may be equitably distributed if measures are included to support low-cost generic medicine from efficient producers within the continent, with explicit measures to boost productive capacities in and allocates resources to those countries and communities with the greatest health needs.

However, liberalised trade can also lead to **widening availability of products that are harmful to health**, including tobacco, ultra-processed foods, alcohol, sugar-sweetened beverages. It may open countries that have to date resisted this to accepting genetically modified (GM) foods. Increased cross border trade in such products can increase the incidence of non communicable diseases (NCDs), including nutrition-related cancers, hypertension, cardio-vascular disease and diabetes, intensifying an already rising public health challenge from these NCDs, especially for poor communities who are exposed to poor quality food products. Some ESA countries have integrated the production and consumption of GM products in their economies while others have not. Maize is a key staple food in the ESA region, grown largely by small holder farmers and important for food security. The AfCFTA's trade liberalisation measures may aid the **expanded trade in GM seeds and food**. While this may support pest and drought resistance, GM foods have as yet untested population health impact on cancers and other NCDs

Countries are also likely to use the AfCFTA to **increase trade of tobacco, and tobacco products**. Whilst this may yield economic gain, it presents a major public health challenge of increased prevalence of tobacco use.,

ESA countries have varying **regulatory frameworks for food safety**, with gaps in areas such as novel and ultra-processed foods. Countries seeking to protect against importation of foods from those with lower standards may find themselves in breach of trade liberalisation measures, unless they can identify a clear public health basis for such protections. Countries also have varying institutional and laboratory capacities to identify emergent food related risks, particularly as consumption patterns change with increased trade.

Liberalised trade places significant demands on port health and public health and health service capacities. The AfCFTA may assist in improving economic resources and infrastructures for this, and is likely to impact on **health personnel, services and public sector revenues**. The 2018 AU Protocol on Free Movement of Persons, Right of Residence and Right of Establishment aims to promote personnel movements to support improvements in science, technology, innovation, education, research and tourism, but also places an increased demand on cross border communicable disease surveillance. AfCFTA free-movement rules will allow people to access government-funded health services in any member country. This may increase demand on services in ESA countries with relatively strong health care systems, lead to increased movement of skilled health personnel from lower to higher wage countries and services and facilitate growth in private health care, including for medical tourism. Without adequate mechanisms to manage these effects the AfCFTA may further skew the distribution of health workers and services, leaving huge deficits in lower income ESA countries and communities.

Adequate **public sector tax revenues** and the management of **foreign direct investment (FDI) and cross-border financial flows** are critical to address these areas of health impact, including in regulating transnational company investment towards health-promoting activities, and ensuring the regulatory frameworks and institutional capacities to prevent illicit financial flows. Whilst the AfCFTA has a protocol on competition policy to address illicit flows, most ESA countries do not have competition laws and policies. Tariffs, a traditional source of revenue for ESA countries, could fall as a result of liberalised trade, weakening public sector revenues, unless compensated for by a growth in total trade. This too may be unevenly distributed across ESA countries.

Managing the health implications of the AfCFTA

While the AfCFTA is an important step towards integrating the continent and promoting regional trade, and may enhance the local production of and access to health technologies, experience in other free-trade blocs raise concerns about pressures on government-funded public health systems, potentially unequal impacts on access to health services, medical brain drain, increased consumption of unhealthy products and cross-border spread of disease. These risks need to be effectively addressed, including to avoid further widening existing income, health and health service disparities within the region. For ESA countries, it is critical to raise awareness on the AfCFTA's provisions and health impacts, and to monitor impacts of its implementation.

To promote and protect health in the AfCFTA, ESA countries can:

- a. Implement community and stakeholder outreach on AfCFTA and the rules, instruments, and structures for regional and continental integration.
- b. Develop, with the involvement of both state and non-state stakeholders, a national implementation plan including a monitoring framework for the AfCFTA.
- c. Expedite the harmonisation of legal and regulatory frameworks that enable implementation of the AfCFTA and protect public health at national level.
- d. Establish sector-wide approaches to planning and budgeting to integrate AfCFTA and regional priorities to foster successes in line with key national development priorities from the AfCFTA's implementation,
- e. Establish the necessary institutional and regulatory mechanisms and capacities for safety nets, and protection and services for disadvantaged producers and populations, including the protection of public sector services in health and education, and support for agriculture.
- f. Establish special economic zones to promote and incentivise the manufacture of health-related products for trade within the AfCFTA (health technologies and pharmaceuticals and fortified foods along with measures that promote regional integration and sustainable development, and the establishment of agro-industrial parks across countries, for products that develop value chains and promote health and nutrition.
- g. Ensure the control of products that are harmful to health, including: establishing which products are subject to liberalisation; developing adequate port health capacities to check the quality and safety of goods particularly food products with public health impact; introducing taxes on products harmful to health to discourage their consumption and promote their substitution with local health-promoting products; fund health interventions and improve capacities for One Health approaches for implementing measures on the sanitary and phytosanitary annex and those listed in the IHR 2005.

- h. Prevent the movement of unregulated and substandard medicines and promote harmonised medicine standards and regulatory capacities on medicines and health technologies, including by capacitating standards authorities/ bureaus of standards to monitor compliance with agreed standards, rules and regulations.
- i. Ensure inter-ministerial collaboration among the relevant policy and enforcement authorities for regular monitoring of the AfCFTA's implementation and reporting on the outcomes, including to parliament.
- j. Assess and report publicly on the impact of the AfCFTA and other investment and trade agreements and their measures, including on their health impact.

Regional organisations, civil society and non-state technical institutions can:

- a. Advocate for a participatory, inclusive consultation process in the development of AfCFTA national implementation plans, involving and informing key stakeholders in health and health-related sectors for them to contribute to identifying the key priorities for implementation aligned to existing regional policies, programmes, protocols and plans.
- b. Establish an AfCFTA co-ordination structure or mechanism made up of an inter-ministerial committee, civil society and regional public health institutions to co-ordinate regional level processes for the implementation, including reporting of the implementation of regional programmes at national level, and for oversight and exchange of evidence and learning between national programmes, including those related to health.
- c. Support the development of enabling and harmonised legislation to align laws and facilitate the implementation of the AfCFTA where health promoting benefits are evident (such as in local production of pharmaceuticals and developing professional capacities) and to regulate areas where liberalized trade may be harmful to health (such as on harmful foods and other products).
- d. Develop equitable revenue sharing mechanisms for value-added products and trade stimulated by the AfCFTA.
- e. Develop an AfCFTA protocol on the movement of health personnel in line with the International Code on the Recruitment of Health Personnel and existing regional agreements, to ensure equitable distribution of health personnel and promote harmonised standards, conditions and capacities.
- f. Contribute to and implement a regional monitoring and evaluation framework, with a peer review mechanism that includes government, civil society and technical institutions in ESA countries to assess alignment of the AfCFTA with national laws, regulations, plans and programmes. Health impact assessments could identify health equity outcomes including on health personnel, health service access, universal health coverage and health security, to assess and manage equity in the distribution of health burdens and benefits.

Further Resources

1. AU (2018) Agreement establishing the African continental free trade area, AU, Addis Ababa
2. AU (2018b) Protocol on free movement of persons, right of residence and right of establishment in Africa, AU, Addis Ababa
3. Machede R, SEATINI (2023) Addressing health implications of the African Continental Free Trade Agreement in east and southern Africa, EQUINET discussion paper 131, EQUINET, Harare
4. UNECA (2023) 'The AfCFTA – What you need to know: Frequently asked questions & answers', UNECA, Addis Ababa

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