

### **Fair trade**

A number of conditions need to be met for a free trade area to succeed.

Firstly, African states vary widely in size and economic development. As a result some may warrant special attention and specific treatment. In particular, among Africa's 55 states 34 are classified by the United Nations as least developed countries. These are low income countries that have severe structural problems impeding their development.

Building trade agreements in favour of small and less developed economies will contribute to fairer outcomes of the free trade deal.

Secondly, African governments should include their stakeholders – businesses (both big and small), trade unions and civil society organisations – in the national consultation process. This will require effective institutions that enable the fullest participation.

### **Additional steps countries should take to cope with the fallout from COVID-19:**

Reduce tariffs on vital pharmaceutical products (such as ventilators), personal protective equipment and food products;

Stimulate intra-regional trade by prioritising these products for an immediate or early phase down in the free trade area.

### **Building regional value chains**

African countries are increasingly connected to the global economy, but tend to operate at the lowest rung of the ladder. They are mainly supplying raw materials and other low-value manufactured outputs.

Cooperation is needed between Africa's emerging entrepreneurs and industries to improve their competitiveness in global markets. This would have a number of positive outcomes including:

- triggering industrialisation, which will transform economies
- helping African countries obtain a fairer share of the value derived from African commodities and labour, and
- improving the lives of people on the continent.

The current crisis creates an opportunity for African countries to build value chains on medical equipment, pharmaceuticals and personal protective equipment.

The clothing and textile sector could also be restructured to meet the needs of the health sector while taking advantage of the breakdown in supply chains from China and Europe.

As more countries lock down their economies and apply movement controls, agricultural and processed food supply chains are disrupted. This creates opportunities to build regional supply chains and partner with retailers.

