

A SHOT AT ECONOMIC ANGLE

GS-2:- Bilateral, regional and global groupings and agreements involving India and/or affecting India's interest

ORIGIN OF AFRICAN UNION	✓ The African Union (AU) is a continental union consisting of 55 countries of the continent of Africa, with exception of various territories of European possessions located in Africa. ✓ The bloc was founded on 26 May 2001 in Addis Ababa, Ethiopia and launched on 9 July 2002 in South Africa. ✓ The intention of the AU is to replace the Organisation of African Unity (OAU), established on 25 May 1963 in Addis Ababa by 32 signatory governments. ✓ The most important decisions of the AU are made by the Assembly of the African Union, a semi-annual meeting of the heads of state and government of its member states. ✓ The AU's secretariat, the African Union Commission, is based in Addis Ababa.
PRESENT CONTEXT	The 12th Extra-Ordinary Summit of the African Union (AU) which concluded on July 8 at Niamey, the capital of the Niger Republic, saw 54 of 55 of its member states signing the African Continental Free Trade Agreement (AfCFTA) for goods and services.
Importance of the African Continental Free Trade Area (ACFTA)	✓ The ACFTA is a potential game changer for the world's poorest region ✓ The pact seeks to create a single market in goods and services, free movement of persons and investment, and eventually a customs union with a common external tariff ✓ It was recently ratified by 27 countries of the African Union (AU).
BACKGROUND	✓ Before Africa was "discovered" by the West, it had a thriving overland trade in the form of Large camel caravans, commodities such as ivory, gold, mineral salt, precious stones and slaves across prosperous trading centres such as Timbuktu, Ghana, Kano, Burnu, Agadez, Edo, Cairo etc. ✓ Subsequent colonialism and mercantilism destroyed internal trade routes, replacing them with an ecosystem in which Africans had better links with their foreign "mentors" than among themselves.

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	✓ By the AfCFTA, the Africans are only trying to correct this historic distortion.
HURDLES IN AFRICAN CONTINENTAL FREE TRADE AGREEMENT	Main reasons to be sceptical about the viability of the AfCFTA:– ✓ The African Union (founded as the Organisation of African Unity in 1963) has been largely ineffective in dealing with the continent's myriad problems such as decolonisation, underdevelopment, Islamic terrorism and the Arab Spring. ✓ The AU's grand plans, have been spectacular flops such as Muammar Qadhafi-funded Africa Unity project. ✓ Serious political, organisational and logistical challenges to the AfCFTA, the national economies in Africa are generally weak with a low manufacturing base. ✓ They also lack competitiveness and mutual complementarity. Only a sixth of Africa's current total trade is within the continent. ✓ Uncertainty due to U.S.–China trade conflict, Brexit.
But THERE IS STILL HOPE DUE TO:	✓ Cooling Chinese enthusiastic for Africa, greater collective self-reliance through African economic integration makes eminent sense. ✓ While the AU Commission is not famous for efficient planning, it has prepared an extensive road map towards the AfCFTA with preliminary work on steps such as incremental tariff reduction, elimination of non-tariff barriers, supply chains and dispute settlement. ✓ a recent UN projection showed that nearly half the world's population growth between now and 2050 would come from sub-Saharan Africa, the population of which would double to nearly two billion.
INDIAN ANGLE	✓ Africa is already an important economic partner for India with total annual merchandise trade estimated at \$70 billion or nearly a tenth of our global trade. India is Africa's third largest trading partner. ✓ Africa still has unfulfilled demand for Indian commodities, especially foodstuff, finished products (automobiles, pharmaceuticals, consumer goods) and services such as IT/IT-Enabled Service, health care and education, skilling, expertise in management and banking, financial services and insurance. ✓ If handled in a proactive manner, the AfCFTA is likely to open new opportunities for Indian stakeholders in fast-moving consumer goods manufacturing, connectivity projects and the creation of a financial backbone. ✓ New Delhi can help the AU Commission prepare the requisite

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	architecture, such as common external tariffs, competition policy, intellectual property rights, and natural persons' movement. ✓ The cross-linkages of a three million strong Indian diaspora spread across Africa can also be very valuable.
CONCLUSION & WAY FORWARD	once the AfCFTA is accepted as beneficial game changer, the African elite could perhaps contemplate crossing another Rubicon: an India-African FTA. The way forward ✓ African leaders have been highly successful in leveraging their influence in the global strategic and economic arenas ✓ But they could strive harder to uphold democratic rights and constitutional principles at home. That is critical to promote sustainable development

QUES:- EXPLAIN THE ORIGIN OF AFRICAN UNION. DISCUSS THE RELEVANCE OF AFRICAN CONTINENTAL FREE TRADE AGREEMENT WITH RESPECT TO INDIA'S TRADE.