

Abstract

The economic integration of the African continent has made significant strides with the implementation of the African Continental Free Trade Agreement (AfCFTA) in 2020, which marked the beginning of trade within the resulting free trade area in 2022. This gradual process of liberalizing trade is expected to revolutionize the way goods are traded among African nations. However, the integration of factor markets has been slower to progress. The African Union's Free Movement Protocol (AU-FMP), adopted in 2006, aims to facilitate labour mobility within the continent, but its implementation has yet to materialize. Despite this, the AfCFTA and AU-FMP have potential synergies that could amplify their individual benefits. The AfCFTA is predicted to strengthen regional industry concentration, leveraging comparative advantages and promoting economic growth. Improved labour mobility, facilitated by the AU-FMP, could further enhance this process. This analysis seeks to estimate the potential of both agreements and their synergies. Using the static GMig2 model by Walmsley et al. (2007) and the latest compatible GTAP version 11 database for 2017 (Aguar et al. 2022), we will conduct a comprehensive assessment of the potential impacts and interactions between the AfCFTA and AU-FMP.

Introduction

Despite the adoption of the African Union's Free Movement Protocol (AU-FMP) in 2006, labour mobility within Africa remains limited. Some regional economic communities, such as the East African Community (EAC) and the Economic Community of West African States (ECOWAS), have made strides in implementing free movement protocols. However, the continent as a whole continues to face significant barriers. Compared to other regions, Africa's labour mobility is relatively low. For instance, the European Union (EU) allows for the unrestricted movement of workers, leading to significant cross-border labour flows. Similarly, the Association of Southeast Asian Nations (ASEAN) has taken steps to facilitate the movement of skilled workers. In contrast, Africa's labour mobility struggles due to restrictive immigration policies, limited recognition of qualifications, and inadequate infrastructure. These challenges contribute to a brain drain, with skilled workers relocating to regions like Europe and North America. Enhancing labour mobility in Africa is crucial for unlocking the continent's economic potential and promoting regional integration.

Implementing the AU-FMP could potentially alleviate migration pressures towards Europe by offering African citizens alternative opportunities for work, study, and other pursuits within the continent. By enabling the free movement of persons, the AU-FMP could redirect migration flows away from Europe, easing the strain on European borders and asylum systems. For example, a Nigerian seeking employment might opt to move to South Africa or Egypt instead of attempting to reach Europe if the AU-FMP facilitates easier intra-continental movement. Moreover, the AU-FMP could reduce the number of irregular migrants heading to Europe, as more Africans might choose regular migration channels if they have access to visa-free travel and work opportunities within Africa. Promoting intra-African migration and mobility through the AU-FMP could lead to a more balanced and managed migration landscape, benefiting both Africa and Europe.

Research plan

We utilize the CGE model GMig2 developed by Walmsley et al. (2007), which incorporates bilateral migration and remittance flows within the static GTAP model framework. The GMig2 database, initially compiled by Walmsley et al. (2005), has been recently updated to reflect data from 2017 and is now compatible with the GTAP database version 11 (Aguar et al. 2022). According to this

database, immigrants make up 2.3% of the global labour force, whereas within Africa, this figure rises to 3.8%. Africa accounts for 18% of the total global immigrant labour force, with 65% of African immigrants having relocated to another African country. Additionally, 44% of the immigrant labour force in Africa consists of Africans. The African immigrant labour force predominantly comprises unskilled workers. Globally, 1.6% of the unskilled labour force are immigrants, of which 18% are Africans, with 78% of them migrating within Africa. Furthermore, 48% of the unskilled immigrant labour force in Africa are African, highlighting the region's intra-continental migration trends.

The regional aggregation has 58 regions that include 43 African regions, which is the highest level of detail of African countries in the current database. We differentiate skilled and unskilled labour.

We calculate three scenarios:

- The AfCFTA – the favoured combination of the tariff and NTM reductions as presented in Simola et al. (forthcoming)
- The AU-FMP – increased mobility of labour among African countries
- Combination of the two previous scenarios

The AfCFTA scenario is based on the repaired tariff offers scenario presented in Boysen (2024).

We evaluate each scenario using both short- and long-term closures, analysing the resulting impacts on GDP, household consumption, trade flows, migration patterns, and labour utilization. This approach allows us to estimate the effects of migration both within Africa and between African and non-African regions. Beyond examining the individual impacts of the AfCFTA and the AU-FMP, we also explore the potential synergies that could arise from implementing these two policies concurrently.

References

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