

Harnessing AfCFTA and Foreign Direct Investments for Economic Transformation in C-4 Countries: A Multiregional CGE Model Analysis

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Abstract - The African Continental Free Trade Area (AfCFTA), one of the most ambitious projects of the African Union's Agenda 2063, offers promising prospects for economic integration, growth, and improved welfare in Africa. This article provides an ex-ante evaluation of the economic effects of AfCFTA implementation within the C-4 group of countries – Benin, Burkina Faso, Mali, and Chad – the continent's leading cotton producers. Using a recursive dynamic computable general equilibrium (CGE) model, the results suggest that the AfCFTA would yield positive economic spillovers across most sectors in these countries, particularly in livestock and meat, cereals and other crops, textile and clothing, and light manufacturing. These effects are further amplified when accompanied by trade facilitation agreements. Moreover, an increase in foreign direct investment (FDI) in the textile sector, driven by the AfCFTA, would stimulate not only this strategic sector but also related branches of the economy, thereby supporting macroeconomic dynamics. The article highlights the necessity of aligning AfCFTA implementation with active policies for trade facilitation and FDI promotion in high-potential sectors. Such a strategy would maximize the economic benefits of the agreement while consolidating the C-4's position in cotton and textile value chains, fostering inclusive economic development. This strategy, in turn, requires robust political and economic governance frameworks.

JEL Classification

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Key-words

C-4 countries
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INTRODUCTION

The African Continental Free Trade Area (AfCFTA) is one of the most recent and significant free trade agreements (FTAs) in the world in terms of the number of potential participating countries. The AfCFTA was designed to promote intra-African trade, with the ultimate goal of creating a single market for goods and services. By strengthening economic cooperation between African countries, it is in line with the vision of the African Union's (AU) Agenda 2063, which is the strategy for the continent's economic growth and sustainable development over the next 50 years¹.

The expected effects of regional trade agreements (RTAs) remain, however, a subject of debate. Classical theories of international trade have emphasized the essential role of free trade in economic growth and improving the welfare of populations. In particular, Smith (1776), through the theory of absolute advantage, highlighted the gains that countries can derive from trade. In the same vein, Ricardo (1817) demonstrated through the theory of comparative advantage that free trade generates gains for all trading partners, even if one of them holds all the absolute advantages. However, several authors have questioned the universal relevance of the Ricardian model. Graham (1923), for example, pointed out that not all specializations are equally valuable in the long run. While some generate increasing returns linked to economies of scale, others, on the contrary, face increasing costs. In the same vein, Samuelson (1964) criticizes the optimistic view of free trade, describing trade as rarely mutually beneficial. He likens free trade to a zero-sum game, where the gains of some come at the expense of others, linked to asymmetries in economic and technological power between countries.

In response to these shortcomings, the new theory of international trade, developed in the 1970s, proposes a more contextual framework for analysis (Krugman, 1979). It introduces elements that are closer to contemporary reality, such as the relative size of partner economies, transport costs, product differentiation, economies of scale, imperfect competition, capital flows, and the interconnection of financial markets.

The results of empirical studies on the effects of RTA remain controversial. While some studies (Caliendo & Parro, 2015 ; Liu & Shi, 2019 ; Mattoo et al., 2022; Chupilkin et al., 2023; Hou, 2023; Deng et al., 2025) point to an intensification of intra-bloc trade, increased economic growth, and improved welfare, while others highlight crowding-out effects vis-à-vis third countries or differentiated impacts depending on the economic structure of members (Bhagwati, 1994; Baldwin, 1997; Fofack et al., 2021 ; Echandi et al., 2022).

In addition to the exchange of goods, RTAs also play an important role in attracting foreign direct investment (FDI). The new economic geography provides an explanatory framework for this dynamic, emphasizing that countries with strong and well-connected domestic markets are the main beneficiaries of FDI (Fujita et al., 2001; Helpman, 2009; Ottaviano & Thisse, 2005). In the same vein, the "new" new theory of international trade emphasizes the role of multinational firms in international trade. It argues that these firms are now the source of the most

¹ See the presentation of the AfCFTA in appendix.

significant FDI flows (Helpman et al., 2004; Helpman, 2006; Helpman, 2011). Thus, larger, more competitive markets and greater political credibility are other factors that attract FDI and are promoted by economic integration. However, the role of FDI remains controversial in economic literature, particularly with regard to its substitutability or complementarity with trade (Mundel, 1957; Rugman, 1990; Caves, 1996; Blonigen, 1997).

According to statistics (UNCTAD, 2023), global FDI flows have grown significantly, from USD 590 billion in 2002 to USD 1,478 billion in 2021. FDI to developing countries quadrupled over the same period, while FDI to Africa rose from USD 14 billion to USD 82 billion.

For the C-4 group of countries (Benin, Burkina Faso, Mali, Tchad), these FDI flows are crucial. Indeed, these four countries, which have joined forces around the sectoral initiative for cotton, occupy the top positions in this crop in Africa, accounting for more than half of the continent's production. Apart from Tchad, the other three share the top positions in this production. The C-4 countries account for 3% of global cotton production and contribute 8% to global cotton trade. Cotton accounted for 69% of total agricultural export earnings in Benin, 47% in Burkina Faso, 22% in Mali, and 40% in Tchad. In addition, cotton represents between 26% and 45% of the group's merchandise exports and contributes between 2% and 6% to their GDP. This supports around 20% of the population in each C-4 country. However, more than 95% of the cotton produced in these countries is exported after ginning, and only 5% is used in spinning mills and artisanal weaving (FAO, 2022).

Despite the socioeconomic importance of cotton in terms of jobs, income, and exports, the sector continues to face low productivity, exogenous shocks, and limited public support. Added to this is unfair competition from synthetic fibers and agricultural subsidies in developed countries. It was to denounce these practices that the C-4 initiative was launched at the WTO in 2003. Numerous studies (Anderson & Valenzuela, 2008; Gillson et al., 2004; Laouan, 2021) confirm that these subsidies lead to global overproduction, causing a structural decline in prices, to the detriment of African producers.

According to projections, over the next ten years, global cotton consumption is expected to grow by 1.8% per year, supported by population growth and rising incomes in low and middle-income countries (OECD, 2023). In this context, the AfCFTA, which already covers a potential market of more than 1.3 billion people, appears to be a strategic opportunity for the C-4 countries in the textile and related sectors. The AfCFTA aims to reverse the continent's trade marginalization. Indeed, Africa's share of world trade has stagnated at around 3%, mainly driven by raw materials, while intra-African trade has declined from 14.5% in 2021 to 13.7% in 2022 (CEA, 2024)². At the same time, exports to non-African markets increased by 30% between 2010 and 2020 (World Bank, 2021).

These developments highlight the untapped opportunities for African trade, which is the spearhead of the AfCFTA. According to the African Union Commission (2019), the dismantling of tariffs on trade in goods in sectors such as agriculture, industry, energy, and mining alone could generate an additional USD 50-70 billion,

² For information on the current progress of the AfCFTA, go to : <https://archives.au.int/handle/123456789/10707>

representing a 15-25% increase in trade. The manufacturing sector would capture more than two-thirds of these gains, particularly the textile, clothing, leather, wood, vehicle, and transport equipment segments. Furthermore, projections estimate that FDI in Africa could grow by between 111% and 159% under the AfCFTA (World Bank, 2022).

Given these divergent empirical results on the potential economic impacts of RTAs on the one hand, and the promising prospects of the AfCFTA in terms of trade, economic growth, and welfare on the other, it is relevant to specifically examine the potential benefits of this agreement for the C-4 group of countries, which already has a competitive advantage in the textile sector in Africa. This research is motivated by gaps in the empirical literature on the anticipated effects of the AfCFTA in this specific group. Thus, this article aims to assess the macroeconomic and sectoral effects of the AfCFTA in these countries, highlighting the role of FDI in the textile sector. This makes it possible to identify the potential economic effects not only on this sector, which suffers from limited financing in these countries, but also on other related sectors.

To this end, a dynamic, multisectoral computable general equilibrium (CGE) model, developed by the Partnership for Economic Policy (PEP) and calibrated using the GTAP 11 database, is used. This analytical framework allows for a rigorous counterfactual assessment of trade reforms, with endogenous price effects. The difficulties in assessing the effects of the AfCFTA using traditional econometric methods, particularly gravity models, stems mainly from a lack of data, given that the agreement has only just entered into force. This information gap complicates the estimation of projected economic impacts and limits the robustness of empirical results, which motivates the use of the CGE model (Bakouan, 2023). This CGE model is particularly suited to the analysis of trade policies and their macroeconomic, sectoral, and distributional effects (Mold & Mukwaya, 2016; Zidouemba & Sadni Jallab, 2021). It has been used in several studies on the impacts of regional agreements on income distribution, poverty, and employment (World Bank, 2020; Diallo, 2022). The central hypothesis tested is that the AfCFTA, by stimulating FDI in the textile sector, contributes to a significant increase in macroeconomic and sectoral indicators in the C-4 countries.

In the remainder of the article, Section 1 presents a review of the theoretical and empirical literature on RTA; Section 2 describes the methodological approach, including the structure of the CGE model and the simulated scenarios; Section 3 presents the results of the simulations.

1. REVIEW OF THE ECONOMIC EFFECTS OF REGIONAL TRADE AGREEMENTS

1.1. Theoretical review

The fundamental concern of both researchers and institutions is whether trade can be an engine of economic growth and increased welfare for all trading partners. On this issue, the theoretical literature remains controversial, particularly with regard to free trade and its effects.

Traditional theories of international trade (Smith, 1776; Ricardo, 1817) argue that free trade allows for a more efficient allocation of productive resources, which consolidates a competitive economic environment conducive to innovation and

lower market prices. Thus, by facilitating market expansion through specialization, free trade amplifies the benefits associated with this dynamic, which is profitable for the global economy.

However, free trade does not benefit all economic sectors, as some, identified as the least competitive, are destined to disappear in favor of more dynamic sectors (Markusen et al., 1995). But classical theory justifies this possibility by the increased competition in the markets. This analysis is reinforced by the HOS theorem developed by Heckscher, Ohlin, and Samuelson (Heckscher & Ohlin, 1933; Stolper & Samuelson, 1941), explaining that free trade benefits the most abundant domestic factor of production while being detrimental to other factors.

According to the HOS model, the United States, which is rich in capital, should export capital-intensive goods. However, Leontief (1953) observes that US exports are less capital-intensive than imports, revealing a paradox. He concludes that US exports are more labor-intensive due to the higher productivity of US workers. This observation reinforces the hypothesis that free trade is beneficial to developed countries with a highly skilled workforce that export high value-added manufactured goods, compared to developing countries that mainly sell primary products.

In light of the above, Samuelson (1964) criticizes the optimistic view of free trade, arguing that in a world characterized by asymmetries of economic and technological power, trade is rarely mutually beneficial. He likens international trade to a zero-sum game, where the gains of some come at the loss of others. This perspective reinforces the position of pessimistic authors who favor protectionism, considering that free trade jeopardizes certain industries and creates income inequalities between skilled and unskilled workers. List in 1841 already supported this idea, arguing that free trade should only be a long-term goal to be achieved between economies with comparable levels of development. In any case, Krugman (1981), emphasizes the importance of international trade for a country, whether it is fair or not.

One of the key questions in theoretical developments is also whether the volume of trade created by free trade outweighs the volume of trade diverted. The theory of customs unions developed by Viner (1950) sheds some light on this issue. Viner argues that customs unions can have two ambivalent effects on welfare: one of creation and another of trade diversion. Thus, the assessment of welfare depends on the preeminence of one effect or the other. If creation prevails, the union is considered beneficial because it increases income and welfare. Conversely, if diversion dominates, the union is bad in the sense that it reflects a loss of overall economic efficiency. However, over time, several economists, such as Meade (1955), Gehrels (1956), Lipsey (1957) and Michaely (1965), have challenged some of Viner's predictions.

The new theory of international trade enriches the analytical framework by incorporating elements such as economies of scale, product differentiation, transportation costs, imperfect competition, capital flows, and technological advances (Krugman, 1979). This approach provides a better understanding of the combined effects of trade creation and trade diversion in a complex economic environment.

In the same vein, the "new" new theory of international trade (NNTIT) developed in the 1990s, extending the new theory of international trade, focuses on international firms and foreign direct investment (FDI) (Helpman et al., 2004; Helpman, 2006; Helpman, 2011). This theory considers FDI as strategic mechanisms that promote the growth of firms in an oligopolistic market characterized by increasing returns to scale. Rather than simple specialization based on comparative or factor advantages, the NNTIT emphasizes that larger and faster-growing markets attract more FDI, and that firms can locate there to exploit economies of scale, creating agglomeration effects. Thus, the free trade area meets the conditions for attracting FDI. However, the NNTIT highlights that simply lowering trade barriers is not enough. Information frictions and institutional differences remain major determinants of FDI flows and the location of activities. Added to this is the controversial historical theoretical debate on the role of FDI, sometimes considered as a substitute and sometimes as a complement to international trade (Mundel, 1957; Rugman, 1990; Caves, 1996; Blonigen, 1997).

Ultimately, the theoretical literature emphasizes that regional trade agreements (RTAs) can both stimulate intraregional trade and divert certain extra regional flows. The effects differ across sectors and depend on the balance between created and diverted trade, adjustments in terms of trade, and their effects on income. This diversity of theoretical results illustrates the difficulty of drawing unambiguous conclusions about the effects of RTAs. This is why contextualized empirical assessments are essential for judging their effects. Each agreement has specific characteristics – in terms of the sectors concerned, tariff levels, and institutional provisions – that influence its impact. Empirical analyses provide concrete insights into the impact of RTA on trade flows, terms of trade, income, and other macroeconomic indicators. In this way, they make it possible to test the validity of theories and inform trade policy decisions. Such an approach is crucial for rigorously assessing the benefits and limitations of the AfCFTA.

1.2. Empirical review

Text empirical work on RTAs has provided a better understanding of the mechanisms of trade creation and diversion, as well as their knock-on effects on the economy and welfare. Analysis of specific agreements reveals mixed results.

In the European Economic Community (EEC), the effects of trade creation and diversion have shifted from negative to positive as integration has deepened (Frankel et al., 1995). Kohler (2004) estimates a welfare gain of around 0.3% of Gross National Product (GNP) for the enlargement of the European Union to 15 members. Sun and Reed (2010) show a sharp increase in intra-EU agricultural trade thanks to the EU-15 and EU-25 agreements. Berlingieri et al. (2018) note an average improvement in the quality of imports of 7%, with a 0.18% decrease in inflation, but with very heterogeneous effects, favoring high-income countries. Nilsson et al. (2019) find an increase in exports to partners of around 34% and imports of 14%.

In South America, Diao and Somwaru (2000) show that the Southern Common Market (MERCOSUR) diverts trade from non-member partners to its members and stimulates intraregional trade as well as trade between MERCOSUR and third countries. Domingues et al. (2008) find robust welfare gains for Brazil under different levels of liberalization, while those for Argentina and Uruguay depend on a higher degree of liberalization. Campos and Timini (2022) observe considerable

heterogeneity in bilateral flows and trade gains among MERCOSUR countries, with consumer gains ranging from 0.3% to 4.0% depending on the country (Argentina 4.0%; Uruguay 0.8%; Paraguay 0.5%; Brazil 0.3%).

In North America, Caliendo and Parro (2015) show that the North American Free Trade Agreement (NAFTA) increases welfare by 1.31% for Mexico, 0.08% for the United States, and 0.06% for Canada. Khan (2020) reveals that a positive trade shock in the United States and Mexico increases production growth, wages, and stock prices. Heo and Doanh (2020) find both creation and diversion effects, with creation having a greater magnitude.

In Asia, Nguyen and Bui (2021) examine the impact of trade openness on economic growth in the Association of Southeast Asian Nations (ASEAN-6) countries – Indonesia, Malaysia, Thailand, Singapore, the Philippines, and Vietnam – and find that they vary depending on the threshold of trade openness. Handoyo et al. (2021) reveal that primary products offer greater intra- and extra-bloc trade creation. Focusing on the role of institutions in trade diversion and creation effects, Alhassan and Payaslioglu (2024) show that the trade diversion and creation effects of FTAs on trade flows in ASEAN depend heavily on the quality of economic and political institutions in the region.

Within the Economic Community of West African States (ECOWAS), Deme and Ndrianasy (2017) find that economic integration between small countries with relatively low incomes and a small share of total trade improves the overall welfare of the group, but also of certain third countries. Iyoha and Okim (2017) explore the impact of trade on economic growth and reveal that exports have always been positively linked to growth. However, Orji et al. (2022) show that regional integration does not have a significant impact on the economic growth of community members. Afolabi and Ndamsa (2024), on the other hand, observe a reduction in poverty in this area.

Within the Arab Maghreb Union (AMU), Hadili et al. (2020) show that trade liberalization has not stimulated export growth in the countries. Worse still, this policy has exacerbated the deterioration of the trade and payments balances. Bouattour et al. (2024), while confirming the hypothesis of trade-led growth, emphasize that this relationship is only significant when trade openness exceeds a threshold of 98.145%. However, Kireyev et al. (2019) have shown that this region is the least integrated in the world, with intraregional trade being the lowest of all regions.

Within the East African Community (EAC), the results of Ng'imor (2020) reveal an improvement in welfare of between 0.01 and 0.9% of real GDP, provided that the difference in market size is not too great. Ejones et al. (2021) estimate that this agreement has strengthened trade within the EAC regional bloc, with impacts varying across countries and sectors. Umulisa (2020) showed that the EAC has the potential to increase trade between partner states by 122%. In contrast, Kadigi (2022) finds that EAC GDP per capita has diverged in the long term but converged in the short and medium term. Thema (2025) shows an improvement in the performance of all member states, contradicting the findings of Hersi et al. (2025). Looking at the trade impacts of trade facilitation, Wassie et al. (2025) indicate that negotiation time has a significant impact on trade.

Within the Economic Community of Central African States (ECCAS), Inançli and Mahamat (2019) analyze the effects of trade creation and trade diversion and find no evidence of either trade creation or trade diversion. These results are corroborated by Can and Maigari (2019) as well as Ofori-Amoah (2024).

Within the Common Market for Eastern and Southern Africa (COMESA), Mengistu (2024) observes an average increase in real GDP of 0.406% and total exports of 0.185% for member countries, echoing the findings of Mwebaze et al. (2024) and Olaifa et al. (2023).

Within the Southern African Development Community (SADC), Farahane and Heshmati (2020) find that this agreement has not yet had any effect on economic growth, contradicting the results of Gonese (2024).

Within the African Continental Free Trade Area (AfCFTA), Depetris et al. (2017) emphasize that the elimination of tariff barriers combined with the reduction of non-tariff measures will lead to an increase in GDP of at least 5%. Maliszewska et al. (2020) note that full implementation of the WTO Agreement on Trade Facilitation could increase overall welfare gains to 4.7%, increase total export volume by more than 21%, and increase intra-African exports by more than 57% by 2030. However, some countries could see the wage gap between workers widen. Similarly, Wassie et al. (2022) predict that the actual impact of the AfCFTA on income could reach 7% of customs duties. The expected impact on intra-food trade would increase by 33% to 82%, while intra-agrifood trade would grow by 22%. On the other hand, the loss of tariff revenue would be between 0.03% and 0.22% of GDP. Störmer and Msweli (2023) arrive at an overall welfare gain of USD 17.7 billion by 2035. They argue that the elimination of tariffs has a slightly more significant impact on least developed countries (LDCs), while the reduction of non-tariff measures has a greater impact on countries other than LDCs. Alagidede et al. (2024) estimate that, while the AfCFTA has the potential to boost economic development and welfare, how this may manifest remains an empirical question. Simulation results show a welfare gain of USD 17.95 billion, 3.15% GDP growth, and a 1.94% increase in GDP per capita. Hailesilassie (2025) observes an increase in GDP and welfare gains, a decline in import prices, government revenues, and poverty, with mixed developments in export prices. Furthermore, trade creation occurs in all sectors except the extractive sector. Overall, the results highlight that the potential impacts of the AfCFTA are heterogeneous across regions, countries, and sectors (Fofack et al., 2021; Echandi et al., 2022).

By specifically analyzing the effects of RTA on FDI, Davis (2011) reveal that multilateral regional trade institutions are more likely to attract FDI flows. However, the gains from these flows are greater in states with the strongest regional economies. Li and Maani (2018) point out that the market expansion effect can help internationally competitive sectors attract more FDI seeking markets. Conversely, the vertical market fragmentation effect can promote FDI in sectors that are intensive in trade in intermediate goods. In the context of ASEAN, for example, Albahouth and Tahir (2024) mention that FDI inflows have responded positively to market size. In Sub-Saharan Africa, Nebie et al. (2025) argue that trade integration promotes FDI. However, this positive effect becomes negative when integration exceeds the 103% threshold. In the context of the AfCFTA, the World Bank (2022) projects an increase in FDI flows to Africa of between 111% and 159%. Ultimately, the various results show that free trade promotes FDI inflows. Krugman (1992) points out that FDI, particularly in industry, requires economies of scale to be profitable.

All in all, the empirical results on RTAs are mixed. The impacts differ depending on the economic context, the characteristics of the agreements, and the sectors involved. However, in developing countries, these agreements are often seen as drivers of growth, despite the differences observed.

Despite the abundance of work using computable general equilibrium (CGE) models, there is still a lack of *ex ante* assessments of the AfCFTA, particularly on subsets such as the C-4 countries, which play a central role in the African cotton sector. To fill this gap, this study uses a CGE model calibrated to the latest GTAP 11 data to produce a quantitative analysis of the potential effects of the AfCFTA on different economic sectors, including cotton, in the C-4 countries through various scenarios.

2. METHODOLOGY

2.1. Description of data and model

This research is based on the use of a dynamic, multisectoral, and multiregional computable general equilibrium (CGE) model specifically designed to capture the impacts of regional trade agreements such as the AfCFTA. The model used here is the Partnership for Economic Policy (PEP-w-t) model developed by Robichaud et al. (2013) and calibrated with the Global Trade Analysis Project (GTAP 11) database, 2017 reference edition. This database is a comprehensive source of information on global bilateral trade structures, production, final and intermediate consumption, and trade flows of goods and services in an internationally harmonized framework.

The PEP-w-t model has the advantage of coherently integrating the different economic behaviors of agents (households, businesses, government), while ensuring overall macroeconomic balance in each period considered. Furthermore, its ability to take into account changes over time in production factor stocks, capital accumulation, and structural adjustments makes it a particularly relevant tool for assessing the effects of a gradual reform such as the AfCFTA.

This model also provides a highly detailed representation of sectoral transmission channels and interregional interactions. It is particularly well suited to analyzing the textile/cotton sector in C-4 countries, a sector characterized by upstream (agriculture, inputs) and downstream (industrial processing, exports) linkages and by high sensitivity to trade policies and FDI flows. The model thus makes it possible to examine the following main transmission channels:

- Inter-sectoral linkages via intermediate consumption: The model identifies how changes in trade policy in the cotton sector influence production costs in other user sectors (e.g., textiles, clothing) due to productive interdependencies. As a knock-on effect, shocks to cotton can therefore reverberate throughout the industrial fabric.
- Trade flows: The structure of the model makes it possible to track the effects of the AfCFTA on exports and imports, taking into account the substitution between domestic and imported goods according to their geographical origin. It is thus possible to quantify changes in market share, the effects of trade creation and diversion, as well as changes in the structure of trade within the C-4 group.

- The labor market: The model takes into account the direct effects on employment and wages in the cotton/textile sector, as well as indirect effects in related sectors (transportation, services, agro-industries). The segmentation of the labor market according to qualifications makes it possible to measure the differentiated impacts according to worker categories.
- Price transmission: Through the input-output structure and market equilibria, the model incorporates the effects of relative price changes (cotton prices, textile sales prices) on consumer purchasing power, production costs, producer incomes, and terms of trade.

Due to the progressive and structural nature of the AfCFTA, we opted for a dynamic version of the model, allowing us to project the effects over an extended period by updating capital stocks, the labor force, and factor productivity. The model thus simulates a sequence of intertemporal static equilibria, with successive updates of state variables.

The model incorporates several key specifications:

- Production structure: In each region, a representative firm operates under the assumption of perfect competition. It maximizes its profits under technological constraints. Intermediate inputs are combined according to a Leontief function (strict complementarity), while primary factors (labor, capital) are combined according to a constant elasticity of substitution (CES) technology, with a differentiation between types of labor (skilled, unskilled, agricultural, industrial, etc.).
- Agent behavior: Two types of economic agents are assumed in each region: a representative household and a government. Households receive income from labor, capital, and transfers, and allocate it between consumption, savings, and tax payments. Household savings are a linear function of disposable income. The government finances its spending through various taxes: on income, production, products, and imports. The external balance consists of net payments to the rest of the world.
- Domestic demand: Aggregate domestic demand includes household consumption (modeled by a Stone-Geary utility function with minimum consumption levels), investment (endogenous, linked to gross fixed capital formation), public consumption, and intermediate consumption. Each product is used both for final demand and as an intermediate input.
- Producer behavior in markets: Producers allocate their output between the local market, exports, and the provision of margin services. This allocation follows a constant elasticity of transformation (CET) function, reflecting imperfect substitutability between outlets. On the demand side, domestic goods are considered imperfect substitutes for imports (Armington structure), and imports from different sources are also imperfectly substitutable.
- Taxation and prices: The model takes into account various forms of taxation (production, consumption, imports) and transport margins. Base prices are adjusted by taxes to obtain the prices paid by buyers.

- General equilibrium: Equilibrium is achieved in all markets. Supply and demand are balanced for goods, services, and factors. Total investment equals aggregate savings plus depreciation. Walras's law, which states that if equilibrium is achieved in $N-1$ markets, then it is achieved in the N th market, is respected in each region.

Thus, this model provides an interesting framework for analyzing the differentiated effects of the AfCFTA by sector and region, while capturing macroeconomic spillover effects.

2.2. Macro-closure

Closure rules play a decisive role in the dynamics of the model, as they substantially influence the results obtained. In this study, three main closure rules are used: those relating to the savings-investment account, the public account, and the external balance.

With regard to the savings-investment account, equilibrium is ensured by adjusting investment to available savings, in accordance with the structure of the neoclassical model PEP-w-t. Thus, any change in agents' income leads to a proportional adjustment in savings, which finance investment. Investment is therefore endogenous and directly determined by available savings.

With regard to the public account, the model assumes that real public expenditure is set exogenously. Public savings adjust accordingly to absorb the effects of economic shocks. This assumption implies that in the event of an adverse shock increasing the public deficit, private investment could be compressed via a crowding-out effect.

Finally, for the external account, particular attention is paid to the treatment of the current account, especially in a context where substantial changes in trade flows are expected after simulation. Here, the current account balance is kept constant, with adjustments to the real exchange rate to preserve this equilibrium. There are two reasons for this choice: on the one hand, any variation in the current account should theoretically be offset by opposite movements in the financial account – a dimension that CGE models rarely represent in detail, thus justifying the exogenous treatment of the current account; on the other hand, leaving the current account endogenous could lead to biased assessments of welfare. Indeed, a flexible current account would allow unlimited increases in imports financed by foreign savings flows, while a fixed current account requires that any increase in imports be offset by an increase in exports, made possible by adjusting the real exchange rate. This approach ensures a more rigorous assessment and effects on welfare.

2.3. Simulations

Rather than using all 160 regions and 65 production sectors available in the GTAP 11 database (2017 reference), we strategically aggregated the data, taking into account the study population (C-4) and the sector in focus (cotton). This aggregates the entities into 12 distinct regions, explicitly including the C-4 group of countries, and into nine economic sectors, including the textile and clothing sector, which allows us to approximate the cotton variable that is absent from the GTAP 11

database. This choice is explained by the fact that in the C-4 countries, 95% of cotton production is exported in the form of raw fiber, i.e., after ginning, and the remaining 5% is destined for industrial spinning companies whose yarns are used in the manufacture of traditional cloth and clothing for sale.

On this aggregate basis, three simulation scenarios were constructed to assess the potential economic effects of implementing the AfCFTA. These scenarios were chosen on the basis of the agreement's objectives, which include dismantling tariff and non-tariff barriers to trade and stimulating cross-border investment.

The first scenario (S1)

The simulated scenario, labelled S1, is designed to replicate as closely as possible the tariff liberalization framework negotiated under the AfCFTA, given the sectoral level of aggregation of the model. Consistent with the outcomes of the AfCFTA negotiations, the baseline liberalization scheme distinguishes three categories of products: (i) 90% of tariff lines subject to immediate liberalization of intra-African trade from the first year; (ii) 7% classified as sensitive products, for which liberalization is implemented with a delay from the fifth year; and (iii) 3% remaining excluded from liberalization.

As the CGE model operates at an aggregated sectoral level rather than at the tariff-line level, a direct application of this structure is not feasible. To address this constraint while preserving the spirit and structure of the AfCFTA negotiations, the liberalization scheme is approximated by introducing differentiated tariff reductions across sectoral groups. These reductions are calibrated based on the likelihood of each sector belonging to the categories of liberalized, sensitive, or excluded products, as reflected in the official negotiating lists.

(i) Sectors subject to immediate liberalization

Sectors predominantly composed of manufactured goods and services are mapped to the set of tariff lines subject to immediate liberalization under the AfCFTA. These include: Textile and Clothing, Light Manufacturing, Heavy Manufacturing, Transportation and Communication, Other Services. For these sectors, intra-African tariffs are fully removed from the first simulation period.

(ii) Sectors subject to deferred liberalization – sensitive products

Agricultural and agri-food sectors, which are more frequently classified as sensitive in the AfCFTA negotiations, are assumed to undergo partial and gradual liberalization. The sectors concerned are: Cereals and Other Crops, Meat and Livestock. In these sectors, tariff reductions are introduced starting in the fifth year of the ten-year simulation horizon, reflecting the delayed liberalization schedule applied to sensitive products.

(iii) Sectors excluded from liberalization

The following sectors are treated as excluded from the liberalization process: Extraction, Public Services and Construction. For these sectors, intra-African tariffs and non-tariff trade restrictions are maintained throughout the simulation period, in line with the exclusion provisions of the AfCFTA agreement.

Furthermore, the trade liberalization envisaged in this framework is expected to put competitive pressure on local companies, generating dynamic gains that could improve production efficiency (Bakouan, 2023). Logically, this should lead to a reduction in logistics and transaction costs in Africa. In this same scenario, we arbitrarily assume a 10% reduction in trade and transport costs. Regional integration strengthens the harmonization of rules and the simplification of customs procedures, which reduces administrative costs and delays. According to the trade facilitation framework, simpler procedures translate into lower compliance costs and shorter transit times. Similarly, increased competition in an enlarged regional space encourages logistics operators to invest in technologies such as traceability and flow management. These investments reduce the average cost per kilometer and fixed transportation costs. In addition, market integration can lead to shorter and better coordinated routes, improving capacity utilization and reducing unit travel costs.

Technically, the price actually paid in region z for imports from region z_j corresponds to the global reference price for these imports, converted into the local currency of region z , plus domestic consumption taxes, applicable customs duties, trade margins (including transport and transaction costs), and national indirect taxes. This tariff structure is incorporated into the following equation:

$$PM_{i,zj,z} = (1 + ttic_{i,z})(1 + ttim_{i,zj,z})e_z[PWM_{i,zj,z} + \sum_{ij} PWMG_i ttmrg_{ij,i,zj,z}] \quad [1]$$

where $PM_{i,zj,z}$ is the price of product i imported from region zj by region z (including margins and all duties and taxes); $PWM_{i,zj,z}$ is the world price of product i imported from region zj by region z (expressed in international currency); $PWMG_i$ is the world price of margin i (expressed in international currency); $ttic_{i,z}$ the tax rate on product i in region z ; $ttim_{i,zj,z}$ the rate of taxes and duties on imports of product i from region zj by region z ; $ttmrg_{ij,i,zj,z}$ the rate of margin services of type ij (transport and transaction costs) applied to imports of product i from region zj by region z ; e_z : the exchange rate; price of the international currency in terms of the local currency of region z .

This scenario consists of reducing, in equation 1, the parameter $ttim_{i,zj,z}$ of 90% from the first year, 7% from the fifth year and 3% in accordance with the tariff lines to be liberalized under the terms of the AfCFTA agreement, and the parameter $ttmrg_{ij,i,zj,z}$ of 10% for intra-African imports. This implies that the additional costs of entry of the product due to customs duties and import taxes comply with the liberalization clauses of the agreement when zj and z belong to the "AFRICA" group and the import is intra-African. As a result, the final cost is reduced in the absence of these import duties and taxes, directly lowering $PM_{i,zj,z}$. the cost of intra-African imports.

The second scenario (S2)

Designated S2, this scenario is based on the same foundations as scenario S1, but incorporates an additional element: a 5% improvement in trade efficiency for all African countries. This improvement is modeled through an increase in the trade efficiency parameter and represents the trade facilitation dimension envisaged in the implementation of the AfCFTA. It is aligned with the principles of the World

Trade Organization's Trade Facilitation Agreements (TFAs), which aim to stimulate export diversification and strengthen intra-African trade interactions. This modification allows for a more realistic assessment of the expected impact of the "trade facilitation" component on the economic performance of the AfCFTA.

Technically, to implement this assumption in the model, the export supply function has been adjusted by introducing a trade efficiency parameter, denoted $trade_{i,z,t}$. In the reference (or baseline) scenario, this parameter is set at 1 for all regions. In scenario S2, it is raised to 1.05 for exports from African countries, reflecting a gain in trade productivity. This parameter has been used by other authors in similar studies (Cockburn et al., 1998; Lisinge, 2005; Jellali, 2019).

The modified export supply function takes the following form:

$$EXT_{i,z,t} = trade_{i,z,t} \cdot B_{i,z}^{X2} \left[\sum_{zj} \beta_{i,z,zj}^{X2} EX_{i,z,zj,t}^{\rho_{i,z}^{X2}} \right]^{\frac{1}{\rho_{i,z}^{X2}}} \quad [2]$$

where $EXT_{i,z,t}$ is the supply of composite product i by region z on the export market in period t ; $B_{i,z}^{X2}$ is a scale parameter in the CET function of composite export supply; $\beta_{i,z,zj}^{X2}$ is the parameter for the share of region zj in exports of product i from region z ; $\rho_{i,z}^{X2}$ is an elasticity parameter.

The third scenario (S3)

Referred to as S3, it assumes that the joint implementation of the AfCFTA and the Trade Facilitation Agreements (TFAs) would lead to an influx of FDI into the textile/cotton sector of the C-4 countries.

To simulate this hypothesis, the capital accumulation formula in the model is modified to reflect a sectoral reorientation of FDI. More specifically, this adjustment allows FDI to be targeted towards a given sector (in this case, textiles/cotton), in addition to domestic investment. This approach therefore models an inflow of foreign capital specifically into a priority sector for industrial development.

As we do not have statistics on the share of FDI going into the textile sector in C-4 countries, we have assumed that the investments induced by the AfCFTA would be at least double the initial domestic investments in the textile sector. This choice of parameterization is in line with World Bank (2022) projections, according to which the implementation of the AfCFTA could lead to an increase in FDI flows to Africa of between 111% and 159%.

The modified accumulation rule is represented as follows:

$$KD_{k,j,z,t+1} = KD_{k,j,z,t}(1 - \delta_z) + IND_{k,j,z,t} + fdi_{k,j,z,t} \quad [3]$$

where $KD_{k,j,z,t+1}$ is the stock of capital of type k in sector j of region z during period $t+1$; $KD_{k,j,z,t}$ is the current stock of capital of type k in sector j of region z ; δ_z is the rate of capital depreciation in region z ; $IND_{k,j,z,t}$ is the volume of new domestic capital investment of type k in industry j of region z during period t ; $fdi_{k,j,z,t}$ is foreign direct investment in capital of type k in industry j of region z in period t .

These three simulated scenarios will have impacts on all macroeconomic and sectoral indicators. These impacts are assessed as a percentage deviation from a baseline scenario, in which no policy reforms or economic shocks are introduced. In reality, the shocks that are expected to occur will occur, but we are expressly adding another shock, namely the AfCFTA. We assume here that "all other things being equal" in order to focus exclusively on the shock to the AfCFTA. Ultimately, in the case of CGE models, the baseline scenario is not necessarily realistic in the strict sense. It is a counterfactual scenario that already takes into account the reforms underway and the shocks that are expected to occur.

The simulation horizon covers a ten-year period, from 2024 to 2034, which is considered relevant for capturing the dynamics of potential structural transformations induced by the gradual implementation of the AfCFTA in the countries concerned.

3. RESULTS AND DISCUSSION

The various results of the macroeconomic and sectoral impacts under each scenario are presented in Tables 1 to 5 and Figures 1 to 2.

3.1. Impacts on trade

Impacts on the volume of intra-African trade

The results presented in Table 1 reveal that the immediate liberalization of 90% of tariff lines on manufactured goods and services – textiles and clothing, light manufacturing, heavy manufacturing, transport and communications, other services – combined with the reduction in transaction and transport costs (scenario 1), leads to a broad-based increase in intra-African export volumes of goods and services across all sectors economic issues. The light manufacturing sector (+11.55%) and the textile and clothing sector (+8.05%) are expected to be the biggest beneficiaries of this liberalization, far ahead of those in heavy manufacturing and services (transport and communications, other services).

The additional simulation of a 5% increase in trade efficiency (scenario 2), in the context of the AfCFTA, is only favourable to the manufacturing sectors that are experiencing a fairly significant growth in the volume of exports, with trade in the services sectors deteriorating. These apparently counterintuitive results on the decline in trade in the services sectors could be explained by several mechanisms. This is because improving efficiency reduces the marginal costs of local services. As a result, previously imported services can be produced locally at a lower cost, reducing the volume of cross-border flows. In addition, a fall in the prices and costs of domestic services can increase local demand, leading to a contraction in trade, especially if external demand is less responsive. Similarly, in phases of reform, companies may exit less profitable activities or reorganize, which can lead to a reduction in trade flows.

With regard to the sectors with deferred liberalization (7%) – cereals and other crop products, meat and other livestock products – the results of the S1 scenario (Table 1), like the sectors with immediate liberalization, show an increase in the volume of intra-African exports, largely dominated by the meat and other livestock

products sector (+37.50%). This trend also remains in the S2 (+35.25%) and S3 (+35.25%) scenarios. On the other hand, while the S1 scenario is favourable to exports of cereal products (+5.60%), this is not the case for the S2 (-0.29%) and S3 (-0.28%) scenarios. These declines in export volumes in this sector could be explained in particular by an increase in domestic demand or a consumer preference for other substitutable products.

In the same vein, the sectors excluded from liberalization (3%) – extraction, public services and construction – show different results (Table 1). Indeed, in all scenarios, extractive products experience gradual increases in intra-African exports. As for the public services and construction sector, trade deteriorates in the S2 (-0.42%) and S3 (-0.42%) scenarios.

In short, among the most dynamic sectors in the S1 scenario, the meat and other livestock products sector (+37.60%) recorded a remarkable increase in intra-African exports, far surpassing other productive branches. By comparison, light industry increased by +11.55%, textiles and clothing by +8.05%, cereals and other crop products by +5.60%, heavy manufactured products by +3.11% and extractive products by +2.39%. This sectoral hierarchy suggests that agro-industrial activities remain the primary immediate beneficiaries of intra-African trade liberalization. This dynamic aligns with trends prior to the implementation of the AfCFTA. Indeed, 35% of African exports of agropastoral products are sold on the regional market, compared to 18% for manufactured products. As for unprocessed agricultural products and natural resources, 90% of them are destined for non-African markets (Fontagné et al., 2022). These results, simulated over a ten-year period, are close to those of Wassie et al. (2022), who estimated that the AfCFTA would lead to an increase in intra-food trade of 33 to 82%, and intra-agri-food trade by 22%.

The introduction of a trade facilitation agreement, as simulated in the S2 scenario, further accentuates these effects, except in the cereals and other crop products sector as well as in the services sector. All high-potential sectors show stronger growth compared to the H1 scenario, with particularly strong gains in manufacturing value chains. This development confirms the catalytic effect of structural reforms complementary to tariff liberalization, particularly in the agri-food and industrial sectors. These results (+35.25% in the meat and other livestock products sector) are close to those of Maliszewska et al. (2020) which showed that the full implementation of the WTO Trade Facilitation Agreement would increase the volume of intra-African exports by more than 50%.

However, the addition of an increased flow of foreign direct investment (FDI) in the textile and clothing sector in the C-4 group of countries (S3 scenario) generates only marginal gains in terms of intra-African exports compared to the S2 scenario. This suggests a decreasing marginal efficiency or inertia in absorbing investment in this sector. These results are not so surprising because FDI is introduced into the textile sector only in the C-4 countries, a group of 4 countries out of 55 African countries.

In general, products from the primary sector are benefiting from the largest increases in intra-African trade, followed by those from the secondary sector, while commercial services show more modest and often contrasting developments. Indeed, overall, services remain the least integrated on the continent before the implementation of the AfCFTA, accounting for only 1.8% of exports (UNCTAD,

2022). This outcome highlights the need to address structural challenges in the tertiary sectors, in order to foster more balanced economic integration and take full advantage of the expected benefits of the AfCFTA.

Table 1. Impacts on the volume of intra-African trade (%)

		S1	S2	S3
Sectors to be immediately liberalized (90%)	Textile & Clothing	8.05	10.03	10.18
	Light Manufacturing	11.55	12.20	12.22
	Heavy Manufacturing	3.11	9.60	9.61
	Transportation & Communication	0.41	-0.11	-0.10
	Other Services	0.50	-0.42	-0.41
Sectors with deferred liberalization - sensitive products (7%)	Cereals & other crops	5.60	-0.29	-0.28
	Meat & Livestock	37.50	35.25	35.25
Sectors excluded from liberalization (3%)	Extraction	2.39	6.45	6.45
	Public Services & Construction	0.28	-0.42	-0.42

S 1: Tariff dismantling + 10% reduction in trade and transport costs.

S 2: S1 + 5% improvement in trade efficiency.

S 3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

Table 2 : Impacts on exports from C-4 countries to Africa (%)

		S1	S2	S3
Sectors to be immediately liberalized (90%)	Textile & Clothing	8.05	8.00	46.47
	Light Manufacturing	11.55	11.01	10.88
	Heavy Manufacturing	3.11	3.93	3.52
	Transportation & Communication	0.41	0.31	0.23
	Other Services	0.50	0.01	-0.26
Sectors with deferred liberalization - sensitive products (7%)	Cereals & other crops	5.60	-5.22	-5.26
	Meat & Livestock	37.50	36.84	36.66
Sectors excluded from liberalization (3%)	Extraction	2.39	3.04	2.61
	Public Services & Construction	0.28	-0.17	-0.28

S 1: Tariff dismantling + 10% reduction in trade and transport costs.

S 2: S1 + 5% improvement in trade efficiency.

S 3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

Table 3 : Impact on exports from C-4 countries to other regions (%)

	C-4 region to											
	North Africa			Other SSA countries			C-4 Region			Rest of the world		
	S1	S2	S3	S1	S2	S3	S1	S2	S3	S1	S2	S3
Sectors to be immediately liberalized (90%)	20.39	20.38	64.04	8.25	8.20	47.01	3.35	3.34	33.75	-1.01	-1.35	33.97
Textile & Clothing												
Sectors with deferred liberalization - sensitive products (7%)	6.67	-5.32	-5.40	4.89	-5.52	-5.59	4.66	-2.05	-1.51	-0.11	-2.77	-2.83
Cereals & other crops												
Meat & Livestock	-6.00	-6.81	-6.96	36.31	35.66	35.45	73.39	72.50	73.03	-6.70	-7.88	-8.03
Sectors excluded from liberalization (3%)	5.19	6.54	6.01	1.66	2.08	1.65	-0.43	0.55	0.60	-0.10	0.40	-0.08
Extraction												

S1: Tariff dismantling + 10% reduction in trade and transport costs.

S2: S1 + 5% improvement in trade efficiency.

S3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

Impacts on exports from C-4 countries to Africa

In the specific case of the C-4 countries, the trends in their intra-African exports closely follow those observed at the continental level, as described in the S1 and S2 scenarios (see Table 2). However, the introduction of additional FDI in the textile and clothing sector produces differentiated sectoral effects. Apart from the targeted sector, the impacts on the other branches remain marginal compared to the S2 scenario. On the other hand, as expected, the textile and clothing sector recorded a growth of 46.47%, well above the continental average estimated at 10.18%. This result is a compelling illustration of the strategic potential of cotton in the C-4 economies under the AfCFTA.

In addition, the C-4 countries have a natural comparative advantage in the production of meat and other livestock products. For example, Chad has one of the largest herds in Africa (more than 129 million head) behind Ethiopia (CEA, 2025). In West Africa, the three Sahelian countries (Burkina Faso, Mali, Niger) account for more than 2/3 of the cattle herd (FAOSAT, 2025). In addition to these advantages in the primary sector, these countries also have significant opportunities to strengthen the development of their light and extractive industries, based on better regional integration, diversification of outlets and increased mobilization of productive capital through the AfCFTA.

Impact on exports from C-4 countries to other regions

At the same time, the analysis of export flows from the C-4 countries to other African regions and the rest of the world reveals contrasting dynamics, strongly conditioned by the nature of the products traded and the geographical areas of destination, as shown in Table 3. The implementation of the AfCFTA, through the immediate liberalization of 90% of tariff lines on manufactured goods and services, combined with the reduction of trade and transport costs, is strongly stimulating exports of textile products to North Africa (+20.39%), other sub-Saharan African countries (+8.25%) and C-4 countries (+3.35%). On the other hand, these gains were at the expense of exports to the rest of the world, which recorded a decline (-1.01%), illustrating a reorientation of trade flows towards intra-African markets.

Regarding the sectors with delayed liberalization, the simulation of the S1 scenario reveals a significant increase in exports of cereal products and other C-4 crops to North Africa (+6.67%), the other sub-Saharan African countries (+4.89%) and the C-4 countries (+4.66%) to the detriment of the rest of the world (-0.11%). For meat and other livestock products, C-4 exports are oriented towards other sub-Saharan African countries (+36.31%) and C-4 countries (+73.39%) to the detriment of North Africa (-6.00%) and the rest of the world (-6.70%).

In addition, the extractive sector, which is excluded from liberalization, is experiencing an increase in exports only to the benefit of North Africa (+5.19%) and other sub-Saharan African countries (+1.66%).

When these levels of liberalization are reinforced by trade facilitation agreements (S2 scenario), there is a marginal variation in exports of textile and clothing products to other regions, with a strengthening of the contraction of exports vis-à-vis the rest of the world (-1.35%). On the other hand, exports of cereals

and other crop products to the various regions are falling drastically. The meat and other livestock products sector, maintains the same trajectories as in the S1 scenario in the different regions. As for extractive products, their exports are increasing in all regions, including the rest of the world, indicating difficulties in absorbing these products at the continental level.

The introduction of targeted FDI in the textile and clothing sector (S3 scenario) is expectedly reflected in a very pronounced increase in C-4 exports to the various regions. Indeed, all regions, including the rest of the world, are recording an increase of more than 30% in textile exports, which could indicate a limited capacity of African markets to absorb all the supply from the C-4. In addition, the cereals and other crop products sector as well as the meat and other livestock products sector remain very insensitive to additional investment in the textile and clothing sector. This is similar in the mining sector, with variations close to those observed in the S1 scenario.

All told, the different results in Table 3 show that in the C-4 countries, these highlighted sectors could be key drivers of economic transformation and development in the context of the implementation of the AfCFTA.

Ultimately, the meat and other livestock, textile and clothing and light manufacturing sectors are proving to be the most responsive to the reforms envisaged under the AfCFTA, in line with the World Bank's projections (2020) which anticipate a 25% increase in intra-African exports by 2035. The S3 scenario, in particular, highlights considerable opportunities for textiles through the simultaneous growth of exports to North Africa, sub-Saharan Africa outside the C-4 and to the rest of the world, confirming the structuring potential of this sector for regional integration and the global competitiveness of the C-4 countries.

3.2. Impacts on import prices, imports, consumption, and domestic demand

The immediate and direct effect of the implementation of a free trade agreement is the reduction of import prices for goods and services in the regions concerned. In the specific framework of the AfCFTA, the various forms of tariff line liberalization – 90%, 7%, 3% – combined with the reduction in trade and transport costs (S1) lead to a decrease in import prices in all economic sectors of the C-4 countries, as illustrated in Table 4. This decrease is particularly marked in some key sectors such as heavy manufacturing (-2.03%), meat and other livestock products (-1.92%), and light manufacturing (-1.17%).

The introduction of trade facilitation measures under the S2 scenario further accentuates these price reductions, amplifying the effects of trade liberalization in the same strategic sectors, and beyond in the cereals and other crop products sector (-1.82%).

This observation is extended in the S3 scenario, where the inflow of FDI in the textile and clothing sector is reflected in a more pronounced fall in prices, not only in this specific sector (-2.44%), but also in the manufacturing and livestock branches, illustrating cross-sectoral knock-on effects.

Table 4 : Impacts on imports, import prices, private consumption, and domestic demand for goods and services in C-4 countries (%)

	Import prices			Imports			Consumption			Domestic demand		
	S1	S2	S3	S1	S2	S3	S1	S2	S3	S1	S2	S3
Textile & Clothing	-0.34	-0.72	-2.44	0.21	0.47	-4.38	0.21	0.66	4.08	0.04	1.07	32.45
Light Manufacturing	-1.17	-1.50	-1.55	1.63	1.98	2.32	0.43	0.85	1.09	-0.71	-0.14	-0.02
Heavy Manufacturing	-2.03	-2.60	-2.66	1.94	2.06	2.38	1.09	1.84	2.07	-1.85	-0.11	-0.26
Transportation & Communication	-0.09	-0.31	-0.35	-0.21	0.35	0.71	0.09	0.42	0.62	-0.06	0.58	0.76
Other Services	-0.15	-0.28	-0.30	-0.43	0.16	0.55	0.21	0.35	0.48	-0.06	0.23	0.26
Cereals & other crops	-0.47	-1.82	-1.78	0.83	-2.90	-2.27	0.04	0.80	0.95	-0.16	-5.07	-4.65
Meat & Livestock	-1.92	-2.17	-2.19	4.79	4.99	5.41	0.16	0.51	0.70	0.07	0.37	0.54
Extraction	-0.32	-0.68	-0.69	0.24	0.78	1.21	0.08	0.81	0.96	-0.31	1.50	1.51
Public Services & Construction	-0.11	-0.19	-0.23	-0.61	-0.57	-0.25	0.18	0.47	0.67	-0.24	0.07	0.18

S1: Tariff dismantling + 10% reduction in trade and transport costs.

S2: S1 + 5% improvement in trade efficiency.

S3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

These price adjustments have significant implications for consumers' purchasing power. Indeed, the fall in import prices strengthens the purchasing power of households, thus promoting a dynamic of domestic consumption. On the other hand, while these results are favourable to consumers, they could be detrimental to local producers in these countries where livestock farming is an important source of income.

In response to lower prices, import volumes increase in several sectors, with varying intensities depending on the scenario. In the S1 scenario, this dynamic is particularly pronounced in the meat and other livestock products (+4.79%), heavy manufacturing (+1.94%), light manufacturing (+1.63%), and to a lesser extent, cereals and other crop products (+0.83%). Similarly, when the AfCFTA is associated with trade facilitation agreements (S2), the upward trend in imports continues in these sectors, except for cereals and other crop products where they fall drastically by 2.90%. This decline could be explained by a consumer preference for substitutable products. Sectors with a deficit in scenario S1 – transport and communication, other services – experience increases in imports in scenario S2. The introduction of sectoral FDI in the S3 scenario amplifies these trends, except for textile products, whose imports decrease significantly (-4.38%), reflecting a substitution of imported products by increased local production, made possible by investment in the sector.

Household consumption increases in all sectors and under all scenarios, but this increase increases sharply from the S1 scenario to the S3 scenario. The manufacturing sectors are the most dynamic in the S1 and S2 scenarios. However, in the S3 scenario, the textile and clothing sector benefits from a significant increase in consumption (+4.08%), followed by heavy manufacturing (+2.07%) and light manufacturing (+1.09%). These results confirm that FDI contributes positively to strengthening domestic demand in the targeted sectors.

However, a careful reading of Table 4 reveals a mismatch between household final consumption and aggregate domestic demand for goods and services. In all scenarios, demand for grain and manufacturing products declines. In scenario S1, extractive products as well as all services experience decreases in domestic demand. This is due to an increased consumer preference for imported goods, which are often perceived as being of higher quality or more affordable. Nevertheless, outside these deficit sectors, domestic demand grows particularly in the S2 and S3 scenarios (Table 4).

This generalized preference for imported products, stimulated by lower import prices, can have a perverse long-term effect, namely a destabilization of the local productive fabric. In the event of an external supply shock, this dependence could prove particularly vulnerable for national economies. This raises concerns about the resilience of local industries and the sustainability of gains from trade liberalization, especially in structurally fragile economies such as the C-4.

3.3. Impacts on sectoral output and demand for production factors in the C-4 group of countries

The production dynamics observed in the C-4 group, driven by adjustments made by local firms, closely reflect the sectoral evolution of demand, as presented in Table 5. In general, production is contracted in the various sectors of activity in

the S1 scenario, with the exception of the meat and other livestock products and textile and clothing sectors. The sharpest contraction is recorded in the heavy manufacturing sector, highlighting a likely reallocation of resources towards more dynamic sectors. On the other hand, increases in production are observed in all sectors, except for cereals and other crop products, whose production has fallen significantly. The expansion is particularly significant in the S3 scenario, where the textile sector records a 33.30% increase in production, stimulated by a massive inflow of foreign capital.

To meet changing demands, firms adjust their productive mix by adjusting the use of factors of production. Table 5 shows a decline in demand for skilled and unskilled labor, as well as capital, in the cereals and other crop products sector under all scenarios. This trend can also be seen in the heavy manufacturing sectors, with contractions more pronounced in all scenarios specifically for skilled labor and capital. In the same dynamic, utilities and construction are experiencing a decline in capital demand in all scenarios. These trends reflect an increased vulnerability of these sectors to trade liberalization. Conversely, the meat and other livestock products sector shows an increasing demand for inputs, both for labor and capital in all scenarios. In the S3 scenario, the introduction of FDI in textiles and clothing significantly changes the factor structure of the sector.

Counterintuitively, there has been a significant drop in demand for skilled (-10.61%) and unskilled (-8.06%) labor. This reduction can be interpreted as a technology substitution effect, suggesting that FDI promotes the introduction of capital-intensive technologies, as shown by several empirical results (Blomstrom & Wolff, 1989; Caves & Bailey, 1992; Bertschek, 1995; Borensztein et al., 1998; Barrell & Pain, 1999). It can also be an increased automation of production processes, thus reducing the need for labor. This dynamic is consistent with an improvement in technical productivity, which could redefine sectoral growth trajectories.

The simultaneous reduction in labor demand in a context of increased production thus highlights a gain in technical efficiency, probably induced by the integration of imported technologies through FDI. This development could lead to profound structural transformations, both in the industrial sectors and in agriculture, by reducing the pressure on land resources through improved productivity.

At the same time, this technological change could also redistribute the workforce to other sectors. Indeed, the demand for capital is growing in the sectors of extraction (+3.72%), heavy manufacturing (+2.90%), meat and other livestock products (+0.80%) and transport and communication (+0.66%), which suggests an increase in skills and an intensification of production processes in these sectors. This transition to more capital-intensive and technologically advanced production structures is accompanied by a potential readjustment of the strategy for the use of agricultural land, which until now has often been based on an extensive logic.

In short, these results call for a strategic adaptation of companies to the sectoral evolution induced by the AfCFTA and FDI. It is becoming imperative for economic actors to rethink their human resources management, training and investment planning policies, in order to anticipate the differentiated effects of liberalization on the various segments of the economy. These adjustments are all the more necessary as the benefits of the AfCFTA will only be sustainable if they are accompanied by a strengthening of national productive capacity and a broader inclusion of labor forces in growth dynamics.

Table 5 : Impacts on sectoral production and demand for production factors in C-4 countries (%)

	Demand								
	Sectoral production			Skilled labor			Unskilled labor		
	S1	S2	S3	S1	S2	S3	S1	S2	S3
Textile & Clothing	0.31	1.53	33.30	0.58	0.13	10.61	0.45	3.17	-8.06
Light Manufacturing	-0.54	0.15	0.26	-0.35	-0.93	-0.88	-0.46	1.80	1.69
Heavy Manufacturing	-0.77	3.40	3.08	-0.78	2.59	2.06	-0.91	5.70	4.97
Transportation & Communication	-0.05	0.94	1.07	0.29	0.34	0.30	0.13	4.07	3.82
Other Services	-0.05	0.43	0.44	-0.11	0.18	0.30	-0.24	3.29	3.23
Cereals & other crops	-0.10	-4.20	-3.85	-0.05	-4.50	-4.16	-0.07	-3.91	-3.60
Meat & Livestock	0.48	0.87	1.03	0.61	0.53	0.68	0.58	1.35	1.46
Extraction	-0.15	4.05	3.75	-0.11	3.96	3.63	-0.13	4.45	4.09
Public Services & Construction	-0.23	0.18	0.28	0.14	-0.79	-0.81	0.00	2.45	2.24
Sectors with deferred liberalization – sensitive products (7%)									
Sectors excluded from liberalization (3%)									
S1: Tariff dismantling + 10% reduction in trade and transport costs.									
S2: S1 + 5% improvement in trade efficiency.									
S3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.									

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

3.4. Effects on economic growth and aggregate indicators

Figure 1 highlights the macroeconomic effects of tariff removal and reduced trade and transport costs under the AfCFTA. The dismantling of tariff barriers leads to an immediate drop in customs revenues, resulting in a 1.39% reduction in government revenues. Customs revenues constitute a significant part of public budgets in these countries. For example, in 2020, the share of customs revenue in total revenue was 23.20%, 35.23%, 26.54% and 32.76% respectively in Benin, Burkina Faso, Mali and Chad³. This decrease in public resources also affects the State's savings, which fall by 3.01%, reflecting a contraction in the budgetary capacity of national governments.

In terms of incomes, nominal wages fell by 0.11%, reflecting a deterioration in the purchasing power of salaried households in a context of a general decline in import prices. These dynamic benefits neither employees nor capital holders, who suffer from a drop in income and consequently a drop in savings affecting investment (-0.15%). However, the fall in the prices of imported products and services boosted real consumption (+0.22%).

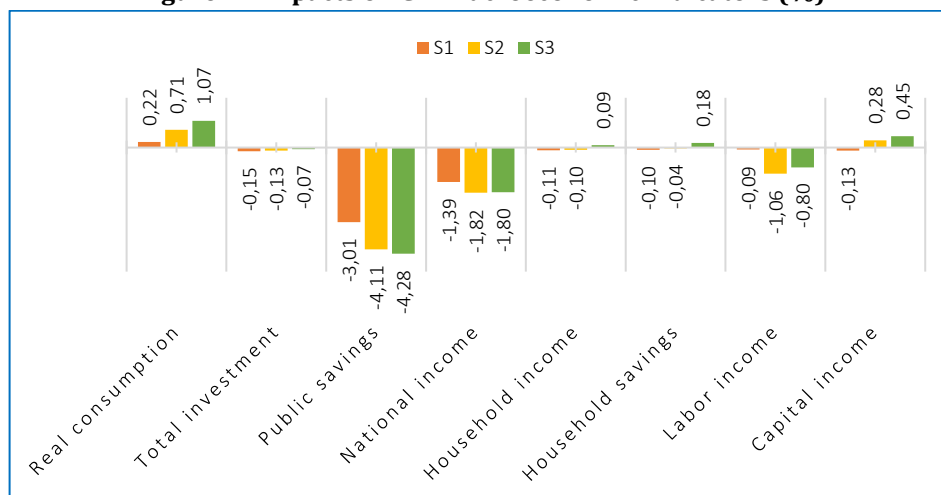
When liberalization is accompanied by trade facilitation measures, such as those promoted by the WTO Trade Facilitation Agreement, macroeconomic effects remain ambiguous. In this second scenario, the budget deficit widens further, with a sharp decline in public revenues (-1.81%) as well as public savings (-4.11%). In the same logic, there was a less pronounced fall in total investment (-0.13%). On the other hand, household consumption increased (+0.71%), thanks to the reduction in commercial costs, lower prices and improved logistics efficiency. Wage income stagnated (-0.10%) compared to the first scenario, while capital owners saw their remuneration improve significantly (+0.28%).

The third scenario (S3), including a targeted inflow of FDI into the textile and clothing sector, is favourable only to real consumption (+1.07%) and capital owners (+0.45%).

In sum, these results reveal that the expected effects of the AfCFTA in terms of improving household well-being and macroeconomic indicators would not be automatic. Despite the various imbalances, the overall effects are positive for the economy. Indeed, the real gross domestic product (GDP) of the C-4 records a gradual increase of +0.08%, +0.53% and +0.87% respectively in the S1, S2 and S3 scenarios, corroborating the results of Hailesilassie (2025). This growth is being driven by an increase in private consumption and a concomitant improvement in the trade balance, which is greater than the declines in several sectors and indicators. These results reflect a moderate but tangible recovery in domestic economic activity, driven by the easing of trade and tariff constraints.

These trends support the idea that investments in targeted value chains, coupled with continental trade integration, can generate significant multiplier effects on economic growth and well-being in developing countries, particularly those in the C-4 group.

³ Authors' calculations based on the custom's statistical yearbooks of the various C-4 countries.

Figure 1 : Impacts on C-4 macroeconomic indicators (%)

S 1: Tariff dismantling + 10% reduction in trade and transport costs.

S 2: S1 + 5% improvement in trade efficiency.

S 3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

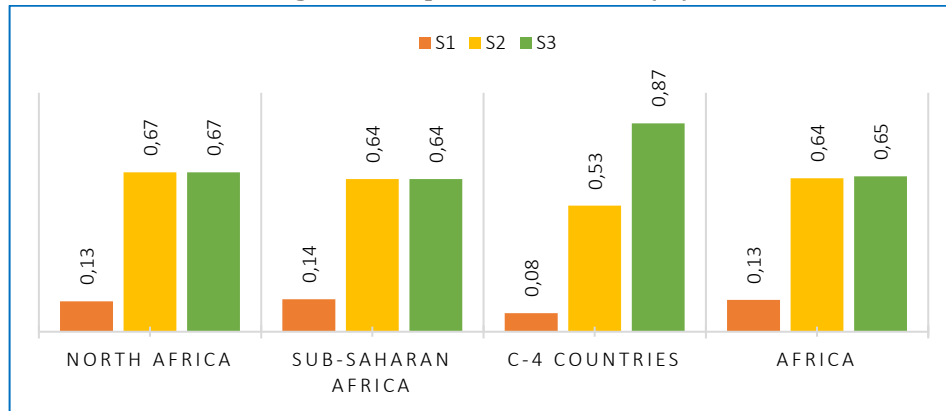
Source: Simulations using the PEP-w-t model and the GTAP 11 database.

Figure 2 highlights that all African regions benefit significantly from the economic effects induced by the AfCFTA, both in terms of growth and improved well-being. These positive effects are amplified when combined with trade facilitation measures, such as those promoted by the WTO Agreements. This combination strengthens synergies between African countries and maximizes regional integration gains.

Among all the regions of the continent, the group of C-4 countries stands out for marked welfare gains, close to the continental average when considering the S1 and S2 scenarios. This underscores the high potential of these countries in the effective implementation of the AfCFTA, given their specialization in cotton production.

The results are even more convincing when additional FDI is injected into the textile and clothing sector. Indeed, the inflow of productive capital into this strategic sector acts as a lever for accelerating real GDP growth, while promoting a significant improvement in household welfare. This confirms the role that the development of the textile sector can play in the structural transformation of African economies, particularly in countries that already have a natural comparative advantage in cotton production.

Ultimately, the C-4 countries appear to be key beneficiaries of the AfCFTA, not only because of their insertion into regional value chains, but also because of their ability to capture investment flows and channel them into sectors with high potential for inclusive growth. These results support the hypothesis that enhanced trade integration, backed by a targeted strategy to attract FDI, is a strategic lever for accelerating economic development and sustainably reducing poverty in African economies.

Figure 2 : Impacts on real GDP (%)

S 1: Tariff dismantling + 10% reduction in trade and transport costs.

S 2: S1 + 5% improvement in trade efficiency.

S 3: S2 + Increase of FDI (corresponding to double domestic investments in textile) in the textile and clothing sector in C-4.

Source: Simulations using the PEP-w-t model and the GTAP 11 database.

CONCLUSION

This article has analyzed the potential economic effects of the AfCFTA in the C-4 group of countries – Benin, Burkina Faso, Mali, and Tchad – with a particular focus on their ability to leverage their comparative advantages in the cotton and textile sectors. To do this, we used a dynamic, recursive computable general equilibrium (CGE) model of the PEP-w-t type, calibrated using the most recent GTAP 11 database. This model was used to simulate three trade integration scenarios related to the different dimensions of the AfCFTA and to test our hypothesis that this zone would promote trade expansion and macroeconomic growth in the C-4 countries, with effects reinforced by increased FDI in the textile and clothing sector.

The simulation results show that the AfCFTA induces overall positive macroeconomic effects for the C-4 group, with notable gains in the meat and livestock sectors (+37.50%), light manufacturing (+11.55%) as well as textiles and clothing (+8.05%). All the indicators analyzed show an increased dynamism as a result of trade reforms. These gains intensify under the S2 (with trade facilitation) and S3 (with targeted FDI) scenarios, reflecting a multiplier effect associated with the combination of policy levers. Specifically, the introduction of additional FDI in textiles allows for a ramp-up of export capacities and deeper integration into regional value chains.

However, these results come with some caveats. The rise in productivity and investment in the textile sector could lead to a reduction in demand for labor, particularly in scenarios involving high automation or capital efficiency gains. This dynamic calls for retraining and sectoral mobility policies to mitigate the potentially negative effects on the employment and welfare of vulnerable workers. In addition, diversification into cotton by-products, such as vegetable oils or animal feed, is a complementary strategy for broadening the industrial base and absorbing displaced jobs.

From a methodological perspective, a significant limitation of this article is the regional aggregation of the C-4 group, which masks structural differences between countries. For example, Benin benefits from port access that reduces its logistics costs, unlike landlocked countries such as Burkina Faso, Mali and Tchad. A disaggregated analysis by country would provide a better understanding of the differentiated effects of the AfCFTA according to specific economic and geographical characteristics.

Politically, the findings of this article highlight that simply removing tariff barriers is not enough to guarantee sustainable economic gains. The catalytic effect of trade facilitation and targeted FDI shows that a combined strategy is more effective. Indeed, increased trade stimulates production, intensifies demand for factors of production, particularly labor, and supports real GDP growth. Nevertheless, intensified competition can lead to a reallocation of resources, justifying labor mobility policies to accompany sectoral transitions.

Finally, rules of origin for textiles were among the most difficult to negotiate in the textile sector, with opposing views between the C-4 and other countries such as Morocco, Egypt, and Ethiopia, where the textile industry is developed and with which no agreement was reached. All of this would have a significant impact on these results if taken into account.

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APPENDIX

Presentation of the AfCFTA

According to the African Union's Agenda 2063, the continent's flagship project remains the African Continental Free Trade Area (AfCFTA), adopted on 21 March 2018 at the 10th Extraordinary Session of the Assembly in Kigali (Kenya). This initiative is part of a long trajectory that began with the endorsement of the idea of a Continental Free Trade Area (CFTA) by the Assembly of Heads of State and Government of the African Union (AU) in 2012, followed by the publication in January 2015 of the vision and action plan entitled "Agenda 2063: The Africa We Want". This Agenda is based on seven aspirations covering various areas of development, and the CFTA is among the crucial projects of the first ten-year plan of its implementation. In June 2015, the opening of negotiations for a Free Trade Agreement (FTA) was launched. Phase 1 of the negotiations focused on trade in goods and services, while Phase 2 expanded the framework to include investment, intellectual property, and competition policy (CEA, 2025).

In accordance with Article 23 of the AfCFTA Agreement, the entry into force comes 30 days after the deposit of the 22nd instrument of ratification with the Chairperson of the African Union Commission (AUC). The agreement became operational on 30 May 2019 for the 24 states that had ratified by that date. The operational phase was officially inaugurated in Niamey (Niger) during the 12th extraordinary session of the Assembly dedicated to the AfCFTA on 7 July 2019, and trade under the agreement was initially scheduled to start on 1 January 2021 (CEA, 2025).

Today, the AfCFTA stands as one of the most ambitious trade agreements in terms of number of participants, aimed at transforming Africa into a modern, industrialized and influential economic player on the international stage. In an initial step, Member States commit to eliminating tariffs on 90% of trade, in order to gradually open up access to at least 97% of goods and a majority of services on the continent (CEA, 2025). This approach goes beyond the traditional frameworks of trade agreements focused solely on the reduction of tariffs, by integrating a substantial liberalization of trade in services. This dimension is all the more crucial as services represent a significant share of African GDP and are essential inputs in the value chains that produce goods. Their liberalization is thus likely to strengthen trade in goods in an indirect but lasting way.

In October 2022, the AfCFTA Guided Trade Initiative was launched to oversee trade in preferential tariffs within eight member states – Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia – covering 96 identified products, including ceramic tiles, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fiber, among others (CEA, 2025). This approach is in line with the perspective of value chain development, advocated by the AfCFTA. The first shipments benefiting from the AfCFTA Certificate of Origin under this initiative included Rwandan instant coffee and Kenyan batteries destined for Ghana.

As such, the instruments and mechanisms of implementation are reinforced by digital initiatives and tools that are currently being developed. These include a dedicated portal for tariff negotiations, a non-tariff barrier monitoring mechanism, and a pan-African payment platform. In addition, targeted trade finance is mobilized to support small and medium-sized enterprises, young entrepreneurs, and infrastructure projects, to take full advantage of the vast market offered by the AfCFTA. As an example, infrastructure projects such as the Yagoua-Bongor bridge between Cameroon and Chad illustrate efforts to facilitate intra-African transport and trade (CEA, 2025).

The institutional framework is also underpinned by initiatives such as the Africa-Caribbean Trade and Investment Forum, which aim to strengthen trade and investment ties between the two areas. In addition, negotiations are continuing to include the remaining countries. Indeed, of the 54 AU Member States that have signed the agreement, 47 have ratified it (CEA, 2025).

Table A 1: Regional aggregation

New regions	Old regions
Oceania	Australia; New Zealand; Rest of Oceania
East Asia	China; China, Hong Kong SAR; Japan; Republic of Korea; Mongolia; Taiwan Province of China; Rest of East Asia; Brunei Darussalam
Southeast Asia	Cambodia; Indonesia; Lao People's Democratic Republic; Malaysia; Philippines; Singapore; Thailand; Viet Nam; Rest of Southeast Asia
South Asia	Afghanistan; Bangladesh; India; Nepal; Pakistan; Sri Lanka; Rest of South Asia
North America	Canada; United States of America; Mexico; Rest of North America
Latin America	Argentina; Bolivia; Brazil; Chile; Colombia; Ecuador; Paraguay; Peru; Uruguay; Venezuela; Rest of South America; Costa Rica; Guatemala; Honduras; Nicaragua; Panama; El Salvador; Rest of Central America; Dominican Republic; Haiti; Jamaica; Puerto Rico; Trinidad and Tobago; Caribbean
West Europe	Austria; Belgium; Bulgaria; Croatia; Cyprus; Czechia; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; United Kingdom of Great Britain; Switzerland; Norway
Middle East	Bahrain; Iran (Islamic Republic of); Iraq; Israel; Jordan; Kuwait; Lebanon; Oman; Palestine; Qatar; Saudi Arabia; Syrian Arab Republic; Türkiye; United Arab Emirates; Rest of Western Asia; Algeria
North Africa	Egypt; Morocco; Tunisia; Rest of North Africa
C-4 countries	Benin; Burkina Faso; Mali; Chad
Other Sub-Saharan Africa	Ghana; Guinea; Cameroon; Niger; Nigeria; Senegal; Togo; Rest of Western Africa; Central African Republic; Côte d'Ivoire; Congo; Democratic Republic of the Congo; Equatorial Guinea; Gabon; South-Central Africa; Comoros; Ethiopia; Kenya; Madagascar; Malawi; Mauritius; Mozambique; Rwanda; Sudan; United Republic of Tanzania; Uganda; Zambia; Zimbabwe; Rest of Eastern Africa; Botswana; Eswatini; Namibia; South Africa; Rest of Southern African Custom
Rest of World	Albania; Serbia; Belarus; Russian Federation; Ukraine; Rest of Eastern Europe; Rest of Europe; Kazakhstan; Kyrgyzstan; Tajikistan; Uzbekistan; Rest of Former Soviet Union; Armenia; Azerbaijan; Georgia; Rest of the World

Table A 2: Sectoral aggregation

New sectors	Old sectors
Grains and Crops	Paddy rice; Wheat; Cereal grains nec; Vegetables, fruit, nuts; Oil seeds; Sugar cane, sugar beet; Plant-based fibers; Crops nec; Processed rice
Livestock and Meat Products	Bovine cattle, sheep and goats; Animal products nec; Raw milk; Wool, silk-worm cocoons; Bovine meat products; Meat products nec
Mining and Extraction	Forestry; Fishing; Coal; Oil; Gas; Minerals nec
Light Manufacturing	Vegetable oils and fats; Dairy products; Sugar; Food products nec; Beverages and tobacco products; Leather products; Wood products; Paper products, publishing; Metal products; Motor vehicles and parts; Transport equipment nec; Manufactures nec
Textiles and Clothing	Textiles; Wearing apparel
Heavy Manufacturing	Petroleum, coal products; Chemical products; Basic pharmaceutical products; Rubber and plastic products; Mineral products nec; Ferrous metals; Metals nec; Computer, electronic and optic; Electrical equipment; Machinery and equipment nec;
Utilities and Construction	Electricity; Gas manufacture, distribution; Water; Construction
Transport and Communication	Trade; Accommodation, Food and service; Transport nec; Water transport; Air transport; Warehousing and support activities; Communication
Other Services	Financial services nec; Insurance; Real estate activities; Business services nec; Recreational and other service; Public Administration and defense; Education; Human health and social work activities; Dwellings

**Mettre à profit la ZLECAf et les investissements directs étrangers
pour la transformation économique des pays du C-4 :
Analyse d'un modèle d'équilibre général multirégional (EGC)**

Résumé – La Zone de Libre-Échange Continentale Africaine (ZLECAf), l'un des projets les plus ambitieux de l'Agenda 2063 de l'Union africaine, offre des perspectives prometteuses en termes d'intégration économique, de croissance et d'amélioration du bien-être en Afrique. Cet article propose une évaluation ex ante des effets économiques de la mise en œuvre de la ZLECAf dans le groupe des pays du C-4 – Bénin, Burkina Faso, Mali et Tchad – principaux producteurs de coton sur le continent. En mobilisant un modèle d'équilibre général calculable récursif dynamique, les résultats suggèrent que la ZLECAf aurait dans ces pays des retombées économiques positives sur la majorité des secteurs économiques notamment ceux de la viande et du bétail, des céréales et produits d'autres cultures, du textile et de l'habillement ainsi que de l'industrie légère. Les effets sont encore renforcés lorsqu'elle est accompagnée d'accords de facilitation des échanges. En outre, une hausse des investissements directs étrangers (IDE) dans le secteur textile, impulsés par la ZLECAf, stimulerait non seulement ce secteur stratégique, mais également d'autres branches connexes de l'économie, qui appuierait une dynamique macroéconomique. L'article met en évidence la nécessité d'articuler la mise en œuvre de la ZLECAf avec des politiques actives de facilitation des échanges et de promotion des IDE dans des secteurs à fort potentiel. Une telle stratégie permettrait de maximiser les retombées économiques de l'accord, tout en consolidant la place du C-4 dans les filières du coton et du textile, au service d'un développement économique inclusif. Cette stratégie suppose, en parallèle, des cadres de gouvernance politique et économique solides.

Mots-Clés

Pays du C-4
ZLECAf
Investissements directs étrangers
Accords de facilitation des échanges
Modèle d'équilibre général calculable
