

Balancing the peace-trade equation in Africa through the African Continental Free Trade Area: Possibilities, Probabilities, and Evidence

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Abstract

While the African Continental Free Trade Area (AfCFTA) is envisaged to create a single African continental market with a population of about 1.3 billion people and a combined gross domestic product (GDP) of approximately US\$ 3.4trillion that will deepen economic integration, promote industrialisation and promote sustainable socio-economic development, it is the presence and persistence of various forms of violent conflicts, unconstitutional change of governments, and political instability in Africa that pose a serious threat to the achievement of AfCFTA goals and objectives. Currently, Africa is confronted with over thirty-five (35) armed conflicts in several countries, mostly in West Africa, Central Africa, and the Horn of Africa sub-regions. Whereas there has been a general belief and hope that the AfCFTA may balance off the trade-peace equation in Africa by enhancing trade, which may in turn promote peace

and political stability, there has not been much critical interrogation of the evidence, trends, and patterns to substantiate such assumptions. Using evidence, trends, and patterns of conflict in Africa, this paper examines the possibilities and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA. Methodologically, the paper makes use of the *International Futures (IFs) Model*, a comprehensive integrated modelling system used as a forecasting tool, to establish the prospects, possibilities, and probabilities of a trade-peace equation in Africa within the next seven years (2023-2030), focusing on four variables of *Africa's trade-peace equation under existing regional Free Trade Areas (FTAs), state failure risk, governance effectiveness, and poverty and inequality levels*. Secondary data sources are also used to augment the analysis, while the *Trade-Peace Nexus* concept provides conceptual frames of analysis. The research findings provide fresh ideas and perspectives on how several peace initiatives can be mainstreamed for the successful implementation of the AfCFTA and striking a balance in the trade-peace equation within the framework of the AfCFTA.

Keywords: *African Continental Free Trade Area, Trade, Peace, Conflict*

Introduction

Traditional and contemporary literature is awash and inundated with studies that have presented the argument that free trade promotes not only economic dividends but also contributes towards the attainment of peace and security within and among countries participating in free trade arrangements through increased inter-state economic interdependence (Hegre et al., 2010; Shabbir et al., 2022; Lee and Pyun, 2016). While most empirical studies that utilise various economic modelling approaches have demonstrated that an increase in bilateral or multilateral trade significantly promotes peace, the reality in various African regions since the emergence of Free Trade Areas (FTAs) in the early 20th century brings into question the peace-promotion effect of bilateral or multilateral trade integration as several contiguous countries appear to be engaged in conflict despite on-going increasing trade in terms of volumes and values. Making use of the *International Futures (IFs) Model*, a comprehensive integrated modelling system used as a forecasting tool, this paper examines the possibilities and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA. Based on the four variables of *Africa's trade-peace equation under existing regional Free Trade Areas (FTAs), state failure risk, governance effectiveness, and poverty and inequality levels* in African countries, this paper

mainly argues that the possibilities and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA may be limited unless African countries strengthen their state governance, government security, national development, and poverty alleviation initiatives.

The AfCFTA and the African Peace and Security Landscape

The AfCFTA continues to be venerated and revered as a game changer in African regional integration, with a huge potential to transform the continent's trade and development prospects (Fofack and Mold, 2021; Aziegbe and Verhoef, 2022; Briggs, 2021). The AfCFTA will create a single African continental market with a population of about 1.3 billion people and a combined gross domestic product (GDP) of approximately US\$ 3.4 trillion that will deepen economic integration, promote industrialisation and promote sustainable socio-economic development. Empirical studies by the United Nations Economic Commission for Africa (UNECA, 2020) estimate that the AfCFTA will boost intra-African trade by over 52 percent through the elimination of tariff barriers and can double this if non-tariff barriers (NTBs) are also reduced. The World Bank (2020) also points out the significant socio-economic benefits that may be accrued from implementing the AfCFTA, ranging from economic diversification and growth, income growth, industrialisation, export diversification, export competitiveness, and job creation as well as poverty alleviation. Specifically, the World Bank (2020) projects that the AfCFTA has the potential to raise income in Africa by 7 percent (or US\$450 billion) while also reducing the number of people living in extreme poverty on the continent by 30 million and those living in moderate poverty by 68 million by the year 2035. In terms of boosting continental exports, the World Bank (2020) estimates that the AfCFTA will increase intra-continental exports by over 81 percent while increasing Africa's exports to non-African countries by 19 percent, which would create several opportunities for manufacturers and workers on the continent.

Three-phased negotiations to establish the AfCFTA, which started in June 2015, have not yet been fully completed. Only Phase One and Phase Two negotiations were completed, while Phase Three negotiations are ongoing.¹ Trading under the AfCFTA Agreement officially started on

¹The AfCFTA Phase One negotiations which covered trade in goods and services and dispute settlement were completed with states having agreed on the three protocols

1 January 2021. Although the pilot phase of trade under the AfCFTA was first recorded only after the launch of the AfCFTA Guided Trade Initiative (GTI) in October 2022, commercially meaningful preferential trade under the AfCFTA will commence once the negotiations on tariff concessions, rules of origin, and schedules of specific commitments for trade in services priority sectors are finalised and concluded (Trade Law Centre, 2023; Erasmus, 2023).

In projecting the potentialities and prospects of a fully operational AfCFTA, various scholars have also argued that the AfCFTA may also promote peace and reduce conflict on the continent through the 'trade-peace equation' (Bisca et al., 2021; Apriko et al., 2020). There is a need for nuanced analysis of the possibilities and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA, considering how conflicts have continued to be experienced side by side with FTAs in several regional economic communities (RECs) such as the Economic Community of Central African States (ECCAS) FTA, the Economic Community of West African States (ECOWAS) FTA, the Southern African Development Community (SADC) FTA, the East African Community (EAC) FTA, and the Common Market for Eastern and Southern Africa (COMESA) FTA, among others. In the period between 25 November 2023 and the 1 December, 2023, Africa recorded 130 conflict battles, 98 conflict-related explosions and remove violence, 86 events related to violence against civilians, 30 conflict-related cases of mob violence, 216 protests, and 16 violent demonstrations (Armed Conflict Location and Event Data Project, 2023). The Geneva Academy (2023) reports that Africa is currently experiencing 35 armed conflicts in countries that include Cameroon, Burkina Faso, the Democratic Republic of the Congo (DRC), Mali, the Central African Republic (CAR), Nigeria, Ethiopia, Sudan, South Sudan, Somalia, Senegal, and Mozambique, among others. Despite the various efforts being directed to address such conflicts at the African Union (AU) level through the African Peace and Security Architecture (APSA) as well as regional mechanisms for conflict resolution in the

(namely Protocol in Goods, Protocol in Services and Dispute Settlement Body). The Phase Two negotiations which covered intellectual property rights, investment and competition policy were completed as states have agreed on the three relevant protocols (that is, Protocol on Investment, Protocol on Intellectual Property, and Protocol on Competition Policy). The Phase Three negotiations which cover digital trade and women and youth in trade are ongoing as the two protocols (Protocol on Digital Trade and Protocol on Women and Youth in Trade) are yet to be concluded.

various RECs, many intra-state and inter-state conflicts continue to exist in Africa. It is the existence of such conflicts, which perpetuate political instability and civil strife that presents an obstacle to the full realisation of the socio-economic potential of the AfCFTA (Woldemichael and Andemariam, 2019). It is thus imperative to interrogate and establish the prospects, possibilities, and probabilities of a trade-peace equation in Africa in light of the AfCFTA.

Research Methodological Issues

In terms of methodology, this paper makes use of the *International Futures (IFs) Model* in order to establish the prospects, possibilities, and probabilities of an AfCFTA-induced trade-peace equation in Africa within the next seven years (2023-2030). The *International Futures (IFs) Model* is a comprehensive integrated modelling system created by the University of Denver (USA) and has historical data series covering 186 countries (University of Denver, 2023). It is used as a quantitative forecasting tool to explore and examine past trends relating to global questions of development and governance so as to understand the current and future trajectories of how human, social, and environmental systems interact over time (University of Denver, 2023).

The IFs model is crucial in scenario-testing, strategic thinking, global trend and pattern analysis, policy analysis, and development planning. It also helps researchers and policymakers to understand dynamics within and across global systems and to think systematically about potential trends, development goals, and targets. For the purposes of analysis, the paper focuses on four selected variables that are relevant to the key research objective, namely; *Africa's trade-peace equation under existing regional Free Trade Areas (FTAs), state failure risk, governance effectiveness, and poverty and inequality levels*. A variety of secondary data sources are also consulted to augment the analysis, while the *Trade-Peace Nexus* concept provides conceptual frames of analysis.

Conceptual Framework and Literature Review

The *Trade-Peace Nexus* remains a critical concept in the trade, peace, and security discourse. Scholars on regional integration, peace, security, and conflict studies have presented contesting arguments on whether trade integration promotes peace, or peace promotes trade (Hegre et al., 2010; Shabbir et al., 2022; Lee and Pyun, 2016). Whereas international trade

relates to the importation and exportation (exchange) of goods and services between two or more different countries, free trade generally denotes the reduction and/or elimination of tariff and non-tariff barriers to trade, which is usually facilitated through various forms of free trade agreements such as preferential trade areas (PTAs), free trade areas (FTAs), customs unions (CUs), common markets (CMs), monetary unions (MUs), common currency (CCs), and economic unions (EUs). In terms of peace and security, the Encyclopaedia of Life Support Systems (2005: np) posits that “the phrase “peace and security” is often used in common parlance. It implies a synergy, a complementary state that is not present when violence and conflict pervade a society or country”.

The definition by the Encyclopaedia of Life Support Systems has to be understood within the context of both traditional and contemporary definitions of peace. Johan Vincent Galtung’s conceptualisation of negative peace and positive peace is critical here (Galtung, 1969; Galtung, 1985). Galtung distinguishes positive peace (absence of indirect and structural violence, which encompasses the presence of attitudes, institutions, systems and structures that create and sustain peaceful growth and peaceful change in societies) from negative peace (absence of direct violence and the absence of fear of violence). When positive peace and security are at their optimal levels, there is a widely accepted assumption that sustainable economic cooperation between states (be it in the form of international trade, investment, or financial cooperation) thrives. On the contrary, the persistence of conflict, violence, instability, and insecurity disrupts and impedes international trade and other forms of inter-state economic cooperation.

The intensification of trade between states has thus often been associated with peace and security. The *Trade-Peace Nexus* debates have mainly been defined and dominated by two main strands. On one end, there is a predominance of the view that trade integration promotes peace, while on the other end of the spectrum, there are a considerable number of scholars who hold the view that peace promotes trade.

In classical political economy analysis, John Stuart Mill (1909: 582) considered the increase of international trade as a guarantor of peace and security in the world. He noted;

The great extent and rapid increase of international trade, in being the principal guarantee of the peace of the world, is the great permanent security for the uninterrupted progress of the ideas, the institutions, and the character of the human race.

In a more or less similar fashion, Baron de La Brede et de Monetsquieu emphasised and accentuated the peace promotion effect of trade in his political theory treatise, *The Spirit of the Laws/De l'esprit des lois*. In summing up his assertion that peace is a “natural” consequence of trade, Monetsquieu (1823: 5) articulated;

The natural effect of commerce is to bring about peace. Two nations which trade together, render themselves reciprocally dependent; if the one has an interest in buying, and the other has an interest in selling; and all unions are based upon mutual needs.

The views by both John Stuart Mill and Baron de La Brede et de Monetsquieu are consistent with those of other classical political scientists of the liberal peace school of thought, such as Immanuel Kant, John Locke, and Joseph Schumpeter, among others, who eulogise the virtues of trade, arguing that international trade creates incentives for mutual economic interdependence and cooperation between states, which promotes peace, reduces misperceptions, and fosters mechanisms for conflict resolution and management between states (Paris, 2006). To liberal peace theorists- and other anti-mercantilists, liberal international relations proponents, and peace theorists, trade has the capability of transforming oppressive, authoritarian, and aggressive regimes into peace-loving democratic societies, given the fact that the desire to extract maximum economic benefits from trade motivates states to lean towards tendencies of constructive engagement and friendly relations. There are several studies that have confirmed and corroborated the views of the classical liberal peace theorists. In *The Classical Liberals were Right: Democracy, Interdependence, and Conflict (1950-1985)*, Oneal and Russett – using pooled-regression analysis based on Cold War-era inter-state conflicts that occurred from 1950 to 1985, argue that “the pacific benefits of trade, both total and dyadic, have not been sufficiently appreciated” (Oneal and Russett, 1997). This is despite the submissions by scholars such as Barbieri, who terms this a “liberal illusion” (Barbieri, 2002).

There are a considerable number of contemporary empirical studies that have confirmed the hypothesis that increased trade and economic interdependence promote peace. In *Peace through Trade or Free Trade?*, McDonald’s study revealed that free trade, and not just trade, promotes peace by eliminating protective barriers to international trade and reducing conflicts between states (McDonald, 2004). Similarly, Hegre et al.’s study, which was based on the gravity model of international trade

and simultaneous equations to capture the reciprocal effects of trade and conflict, questioned whether trade promotes peace (Hegre et al., 2010). The authors conclude that while trade reduces the likelihood of conflict, *ceteris paribus*, if interstate violence adversely and contemporaneously affects commerce, both trade and conflict are influenced by the size (power) of states and the distance that separates them (Hegre et al., 2010). The common finding has been that conflicts substantially increase the costs of trade and place a risk premium on interstate trade.

Region-specific case studies have also acknowledged the importance of international trade in promoting peace and security. Gylfason et al. (2015) used a panel gravity model of trade covering the period between 1995 and 2010 to estimate the potential for intra-regional trade in promoting peace amongst 10 countries in the Middle East and North Africa (MENA) region following the Arab Spring. The authors' study found that free trade had significant potential for promoting peace in the region. What can be deduced from Gylfason et al.'s study is that trade-induced peace is attainable due to the fact that wars and conflicts increase bilateral and multilateral trade costs; hence, free trade increases the opportunity cost of wars and conflicts, which makes conflict prevention and war avoidance an incentive for intensifying free trade. This is the main argument that is also advanced by Lee and Pyun (2016) in *Does Trade Integration Contribute to Peace?* In which they empirically established that the peace-promotion effect of bilateral trade integration was more significant, mostly in geographically contiguous states that are likely to experience conflict. Indeed, economic and political history across all continents has shown that states with greater and deeper trade links and economic partnerships have more harmonious foreign relations. It is on this basis that international organisations such as the World Trade Organisation (WTO) have developed and implemented initiatives such as the *Trade for Peace Programme* to underscore the role of trade and economic integration in promoting peace and security. Even the European Union (EU) has a *Peace-Through-Trade Policy*.

Although the above and other scholars have stressed and confirmed the role of trade in promoting peace, there are other studies located within the *Trade-Peace Nexus* that have maintained that it is peace that promotes trade. The main thesis of this school of thought is that wars and conflicts disrupt trade freedom, constrain the ease of doing business across borders, and do not create a conducive environment for economic production and trade. Authors such as Shabbir et al. have interrogated the effect and influence of peace in promoting bilateral trade flows, and

they argue that indeed, peace significantly and positively contributes to trade flows (Shabbir et al., 2022). To them, peace creates a conducive environment for the development of trade-related infrastructure. A related study by Sarwar et al. (2016), which used panel co-integration techniques based on a large dataset focusing on 155 countries between 2008 and 2014 revealed the existence of greater trade (in volumes and values) and trade performance among states that experienced relative peace and fewer conflicts and acts of hostility than their counterparts (Sarwar et al., 2016). The findings are similar to those presented by Rauf and Jalil in their empirical study, which examined the impact of political violence on bilateral trade flows in selected South Asian countries using the augmented gravity model (Rauf and Jalil, 2022). The authors found out that inter-state and intra-state conflicts in the form of military disputes, diplomatic crises, terrorism, and civil conflicts restrict and hurt bilateral trade, with inter-state conflicts being more detrimental to trade than intra-state conflicts.

It has to be stated that there are scholars who choose to take the middle ground away from the two extreme strands of arguments presented above around the *Trade-Peace Nexus*. Counterarguments to the two strands of arguments are associated with the dependency theory and neo-Marxist theory. The dependency theorists and neo-Marxism (leaning on arguments submitted by scholars such as Hans Singer, Raul Prebisch, Andre Gunder Frank, Immanuel Wallerstein, Paul Baran, et cetera) counterargue that trade does not automatically guarantee peace and security given the fact that trade relationships can be punctuated by asymmetric economic interdependence, which results in negative consequences for peace (Barbieri, 1996).

Indeed, the nature and context of trade and economic linkages in the global trading system always vary at all levels (global, continental, and regional), hence the impact of trade on peace and security also varies. Barbieri's arguments on symmetrical and asymmetrical trade relationships explain that regional, continental, and global tensions often manifest as trading partners perceive that their trading partners may be benefiting more or unfairly from a trade arrangement. The WTO has been undated with several trade disputes since its formation in 1995, itself an empirical indicator that explains why some trading relationships may be peaceful while others are conflictual. Precisely, as of December 2023, the WTO has handled over 620 trade disputes amongst its member states since 1995 and has issued 350 rulings through its WTO Dispute Settlement Body (WTO, 2023). Several wars in history have evolved out of trade

disputes, including the Portuguese-Mamluk War (1509), the Dutch-Portuguese Sugar Wars (1598-1663), and the First and Second Opium Wars (1839-1842 and 1856-1860), among others. That is why it was not surprising when legitimate and understandable fears arose about the United States of America (USA) and China trade war, which began in January 2018 when the USA's then President Donald Trump imposed protectionist tariffs and other non-tariff barriers on China (Lawlor, 2018).

However, while trade in itself may not be sufficient to promote peace, it is imperative to acknowledge the contribution of other driving forces and factors that significantly contribute to the trade-peace nexus, that is, geo-political, economic, social, cultural, and geographical factors or linkages. The importance of good governance, government effectiveness, and strong institutions has for long been identified as key to laying the foundations for economic production, prosperity, and peace. In *Why is Africa Poor?*, Acemoglu and Robinson (2010) highlight the need for Africa to transition from absolutist and patrimonial institutions in order to create conditions for development and economic prosperity.

In examining the prospects, possibilities, and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA, the *Trade-Peace Nexus* concept provides conceptual frames of analysis as it helps to define, illustrate and relate the key variables of trade, peace, and security within the context of the AfCFTA.

The prospects and probabilities of a trade-peace equation in Africa: evidence, trends, and patterns

In this analysis, the prospects, possibilities, and probabilities of a trade-peace equation in Africa are established through four main factors, namely,

- (a) Africa's trade-peace equation under existing REC FTAs, which undermines the prospects of a trade-peace equation within the AfCFTA;
- (b) Africa's performance record on state failure risk, which undermines the prospects of a trade-peace equation within the AfCFTA;
- (c) Africa's performance record on governance effectiveness, which undermines the prospects of a trade-peace equation within the AfCFTA;

(d) Africa's performance record on poverty alleviation and inequality, which undermines the prospects of a trade-peace equation within the AfCFTA;

(a) Africa's trade-peace equation under existing Regional Free Trade Areas (FTAs)

Effectively, the prospects, possibilities, and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA are better assessed if one examines the trade-peace relationship in Africa from historical and contemporary perspectives. This is because, while the grand AfCFTA is a new continental project, almost all African RECs have been implementing FTAs, especially since the early 2000s, as shown in Table 1 below. It is therefore imperative to assess the extent to which the existing FTAs in the various RECs have had peace-promotion effects in the regions.

Table 1: Existing Free Trade Areas (FTAs) in African RECs as of December 2023

<i>Regional Economic Community (REC)</i>		<i>Year when FTA was established</i>
1	Economic Community of West African States (ECOWAS)	January 1990
2	East African Community (EAC)	July 2000
3	Common Market for Eastern and Southern Africa (COMESA)	October 2000
4	Economic Community of Central African States (ECCAS)	July 2004
5	Southern African Development Community (SADC)	August 2008
6	COMESA-EAC-SADC Tripartite FTA	June 2015
7	Arab Maghreb Union (AMU)	Not yet established
8	Community of Sahel-Saharan States (CEN-SAD)	Not yet established
9	Intergovernmental Authority on Development (IGAD)	Not yet established

Source: The author's construction using information from the official REC websites

What can be noted from Table 1 above is that almost all RECs in Africa have existing FTAs, with some FTAs, as is the case with ECOWAS, having been in existence for over three decades now. Despite the existence of these FTAs, there continue to be several conflicts in Africa, a situation that may demonstrate that the FTA-enhanced trade may not be significantly promoting peace. What may be surprising is the fact that regions such as ECOWAS, COMESA, and EAC, which have more advanced operational FTAs, have also recorded various forms of cross-border conflicts, as has been the case with Boko Harm terrorism in the Lake Chad Basin countries of Chad, Nigeria, Cameroon, and Niger; Sudan-South Sudan conflict; Ethiopia-Eritrea conflict; Sahel Region

jihadist conflicts in Burkina Faso, Mali, and Niger; DRC-Rwanda conflict; Somalia-Kenya terrorist conflicts; insurgency in Mozambique; Ethiopia; Rwanda-Uganda border tensions; among others (*see* ACLED, 2023). In the period between 25 November 2023 and the 1 December 2023, Africa recorded 130 conflict battles, 98 conflict-related explosions and remove violence, 86 events related to violence against civilians, 30 conflict-related cases of mob violence, 216 protests, and 16 violent demonstrations (*see* ACLED, 2023).

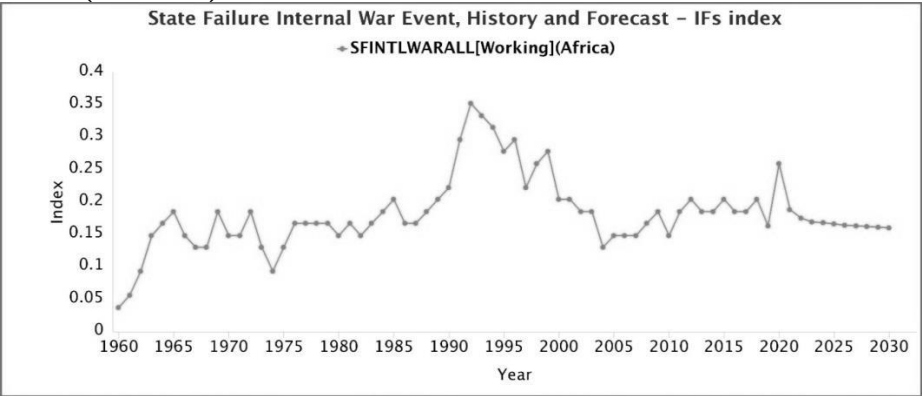
The analysis of the existing REC FTAs in Africa does not reveal any correlation between REC FTA formation and a reduction in conflicts within the respective region. While RECs have conflict resolution and management mechanisms within their regional frameworks, such as the SADC Protocol on Politics, Defence, and Security of 2001; the ECOWAS Protocol Relating to the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping, and Security of 1999; the ECOWAS Supplementary Protocol and Defence and Security Forces Relationships to Political Power of 2001; Article 163 of the COMESA Treaty and COMESA Governance, Peace, and Security (GPS) Programme; the ECCAS Protocol of Peace and Security of 1999; and the EAC Peace and Security Protocol of 2013—all these operate outside the FTA framework. The intensification of intra-regional trade under the FTAs is just assumed to add urgency to the resolution of any inter-state or intra-state conflict on the basis that the continuation of the conflict may disrupt trade relations. It is therefore difficult to imagine that the AfCFTA-induced trade will promote peace and significantly reduce conflicts on the continent against a background where old conflicts have been raging and new conflicts are emerging despite the existence of several FTAs in six African RECs.

(b) Africa's performance record and prospects for state failure risk

Generally, when states are referred to as being in a category of state failure, they would have been rendered ineffective in delivering goods and services to their citizens and unable to enforce their laws within their national borders. Rotberg (2004:1) defines the state failure condition as “when states are consumed by internal violence and cease delivering positive political goods to their inhabitants”. The primary public goods include security, dispute settlement, good governance, and social services, among others. In some literature, however, the terms “failed states”, “collapsed states”, and “weak states” are considered inappropriate

(Brooks, 2005; Grimm et al., 2016), hence their replacement with “fragile states”, which the International Monetary Fund (IMF), World Bank, and other international institutions consider to characterised by humanitarian crises, extreme poverty, weak governance, limited administrative capacity, socio-political tensions, political turmoil, violence, the legacy of armed conflicts and prolonged civil war, poor social service delivery, and poor economic performance (International Labour Organisation, 2016). When states are characterised by the above, they risk degenerating into state failure. Figure 1 below, constructed using the IFs Index Model, presents the historical, contemporary, and futuristic state failure risk of African countries based on internal war events.

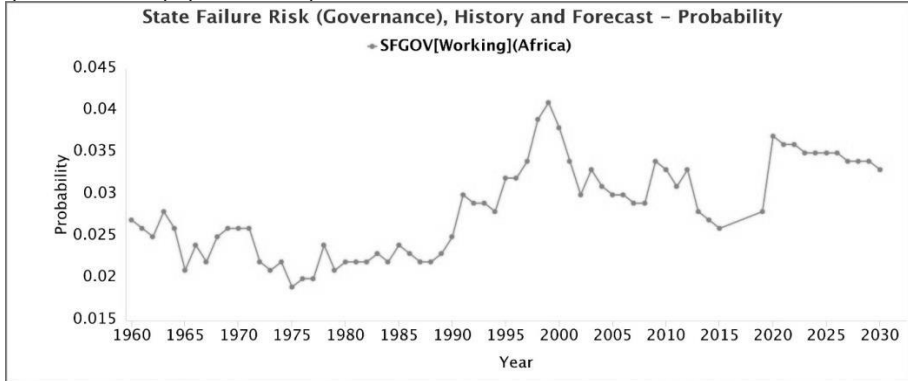
Figure 1: History and Forecast of Africa’s State Failure Risk Internal War Event (1960-2030)



Source: Author’s construction based on International Futures (IFs) Data, University of Denver, 2023

As presented in Figure 1 above, state failure risk has been relatively low in Africa in the immediate post-colonial phase, and peaked around 1992 (with a 0.35 score). Although there is a gradual decline in state failure risk in the projected period of 2023 to 2030, the decline is too insignificant to influence conflict, peace, and security dynamics on the continent. Thus, the peace-promotion effects of trade induced by the envisaged AfCFTA may not be very substantial based on the empirical projections. The same trend and pattern also appears when state failure risk in Africa is projected using the ‘governance’ variable in place of the ‘internal war event’ variable, as shown in Figure 2 below.

Figure 2: History and Forecast of Africa's State Failure Risk (Governance) (1960-2030)



Source: Author's construction based on International Futures (IFs) Data, University of Denver, 2023

The import of the projects shown in Figure 1 and Figure 2 is that there is a high likelihood that several African countries will continue to be trapped in challenges related to humanitarian crises, extreme poverty, weak governance and weak institutional capacities, limited administrative capacity, socio-political tensions, political turmoil, violence, the legacy of armed conflicts and prolonged civil war, poor social service delivery, socio-economic disruption, poor economic performance, economic and geographical isolation, corruption, and predatory governments. The end result is that the prospects, possibilities, and probabilities of a trade-peace equation induced by the AfCFTA remain very minimal.

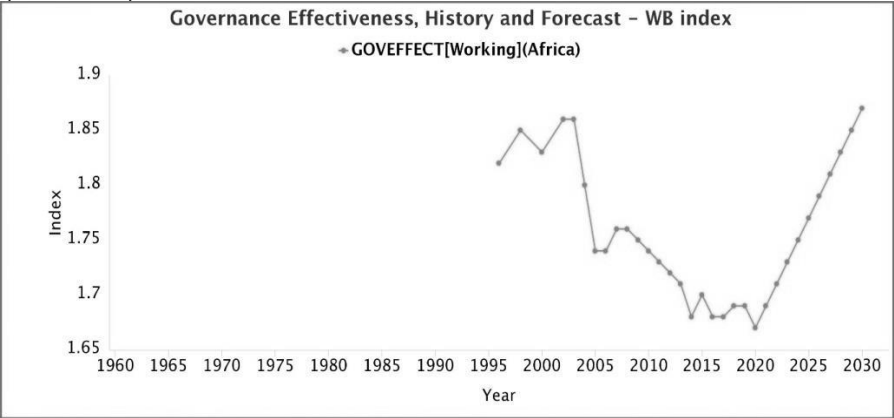
(c) Africa's performance record and prospects for governance effectiveness

Governance effectiveness generally denotes processes and institutions that deliver desirable results in terms of meeting the needs, interests and aspirations of society while optimally utilising the available resources. The World Bank, citing Kaufmann et al. (2011), presents a comprehensive definition of governance effectiveness as follows:

Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

The IFs Model uses an aggregate of various indicators to rank states and regions on governance effectiveness, and these include government effectiveness, voice and accountability, political stability and absence of violence or terrorism, regulatory quality, rule of law, and control of corruption. These indicators usually contribute towards the creation of peace and security in any polity since the quality of public services, civil service, public policy, and credibility of governments' commitment to their state public policies potentially create an environment of peace and address drivers and triggers of conflicts. Based on the World Bank indicators, the IFs Model projects that African countries will record an increase in governance effectiveness in the outlook between 2023 and 2030, as shown in Figure 3 below.

Figure 3: History and Forecast of Africa's Governance Effectiveness (1995-2030)



Source: Author's construction based on International Futures (IFs) Data, University of Denver, 2023

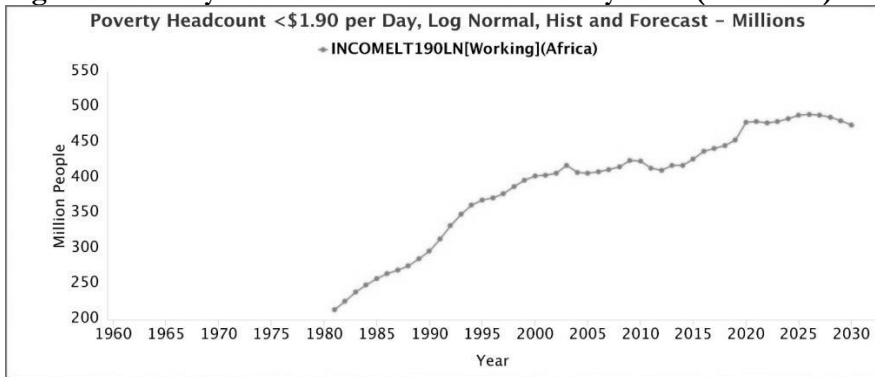
While they may signal the existence and prospects of a conducive environment for trade, which then translates into a positive trade-peace equation, it all depends on the ability of African states to ensure that their governance effectiveness addresses the priority issues of unemployment, inequality, and poverty. A nuanced analysis of the projections on Africa's governance effectiveness shows that an increase in governance effectiveness does not automatically translate into a peace dividend. For instance, countries such as Chad, Nigeria, Cameroon, Niger, Sudan, South Sudan, Ethiopia, Eritrea, Burkina Faso, Mali, the DRC, Rwanda, Somalia, Kenya, Mozambique, and Uganda are experiencing various forms of intra-state and cross-border conflicts and

tensions despite showing an increasing trend in projected governance effectiveness on the IFs Model projects. It is therefore inferred from such analysis that the peace-promotion effects of trade derived from the AfCFTA may not be significant unless governance effectiveness in Africa addresses the ills of unemployment, inequality, and poverty, which constitute the major drivers of conflict and threats to peace and security.

(d) Africa's performance record on poverty alleviation and addressing inequality

The prospects, possibilities, and probabilities of attaining trade-induced peace on the continent through the implementation of the AfCFTA can also be assessed by examining the history, contemporaneity, and prospects of the continent's fight against poverty. Several studies have confirmed and acknowledged the role of poverty as a cause, driver, and trigger of conflict in Africa (Acemoglu and Robinson, 2020; Braithwaite et al., 2016; Addae-Korankye, 2014). Even the African Union Agenda 2063, the African Union Ouagadougou+10 Declaration and Plan of Action on Employment, Poverty Eradication, and Inclusive Development of 2015, and the AfCFTA itself all acknowledge the negative consequences of poverty on continental peace and security. The poverty levels in Africa, however, show an increasing trend in the forecasted period between 2023 and 2030 as presented in Figure 4 below.

Figure 4: History and Forecast of Africa's Poverty levels(1980-2030)



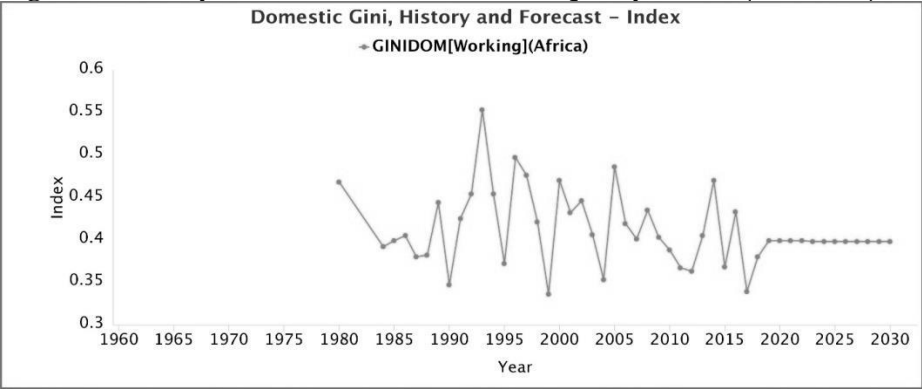
Source: Author's construction based on International Futures (IFs) Data, University of Denver, 2023

As shown in Figure 4 above, the poverty levels in Africa show an increasing trend in the forecasted period between 2023 and 2030, from

the current estimated 480 million people living on less than US\$1.90 per day in the year 2023 to 490 million people living in poverty in 2026 before declining to a negligible 475 million people living in poverty by 2030. This is a bleak outlook, and it erodes the prospects, possibilities, and probabilities of attaining trade-induced peace in Africa under the AfCFTA. Even the World Bank’s latest estimates also predict that Sub-Saharan Africa will account for 477.3 million of the global poor population of between 573 and 597 million people by 2030 (World Bank in Yonzan et al., 2020). Even though the World Bank projects that the AfCFTA has the potential to reduce the number of people living in extreme poverty on the continent by 30 million and those living in moderate poverty by 68 million by the year 2035 (World Bank, 2020), such a reduction may not be attainable if other complementary poverty alleviation strategies and industrialisation policies are implemented with consistency.

Over and above poverty levels, inequality also poses a serious threat to the prospects, possibilities, and probabilities of attaining trade-induced peace in Africa under the AfCFTA. Figure 5 below shows the projected trend that Africa’s Gini coefficient will remain at 0.398 without changing until 2030.

Figure 5: History and Forecast of Africa’s Inequality Levels (1980-2030)



Source: Author’s construction based on International Futures (IFs) Data, University of Denver, 2023

It is a truism that extreme inequalities—in all forms—that is, income equality, social inequality, political inequality, wealth inequality, racial and ethnic inequality, treatment and responsibility inequality, *et cetera*—are one of the fundamental causes of conflict in Africa (Mine et al., 2013; Alcorta et al., 2018; Nel, 2018). Africa remains the most unequal

continent in the world, and African countries dominate the top ten most unequal countries in the world (comprising South Africa, Namibia, Zambia, the Central African Republic (CAR), Eswatini, Mozambique, Botswana, and Angola) (*see* World Inequality Lab, 2020). With relative deprivation often pushing societies into conflicts and also being the driving force behind terrorism (Egiegba Agbibo, 2013; Vhumbunu, 2021), the perpetuation of inequalities in Africa may continue to instigate conflicts and threaten continental peace and security. Unless transformative, inclusive, and redistributive inequality reduction policies are adopted and implemented to address inherited and non-inherited inequalities, as well as improve access to education, access to key productive assets of the economy and equal access to socio-economic and political opportunities, the prospects, possibilities, and probabilities of attaining trade-induced peace in Africa under the AfCFTA will remain patchy and sketchy.

Recommendations

Whereas Africa's performance record on governance effectiveness is largely positive, as projected by the IFs Model, and may significantly assist in creating a conducive environment for peace-promoting trade; it is ultimately the ability of African states to address structural challenges of poverty, inequality, and unemployment that matters most. In conclusion, the prospects, possibilities, and probabilities of a trade-peace equation in Africa under the AfCFTA can also be enhanced through a holistic approach in all African countries that entails not only emphasising promoting trade under the AfCFTA but also implementing cross-sector complementary policies and strategies (at domestic, regional, and continental levels) that seek to spur industrialisation, good governance, socio-economic transformation, poverty alleviation, inequality reduction, and improving state capacity. This way, the prospects, possibilities, and probabilities of a trade-peace equation in Africa under the AfCFTA are boosted.

Conclusion

The paper analysed the prospects, possibilities, and probabilities of a trade-peace equation in Africa under the AfCFTA. In doing this, IFs model-based historical, contemporary, and futuristic trends, patterns, and projections up to 2030 were used, focusing mainly on the four variables

of Africa's trade-peace equation under existing REC FTAs, Africa's performance record on state failure risk, Africa's performance record on governance effectiveness, and Africa's performance record on poverty alleviation and inequality. The main finding is that Africa's trade-peace equation under existing REC FTAs: Africa's performance record on state failure risk, and Africa's performance record on poverty alleviation and inequality all suggest that the AfCFTA has very limited prospects, possibilities, and probabilities of attaining a trade-peace equation. This is because the variables present serious obstacles and impediments to the achievement of peace and security on the continent through driving conflict. State failure risks, governance ineffectiveness, poverty, and inequality all increase the likelihood of conflict and insecurity.

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