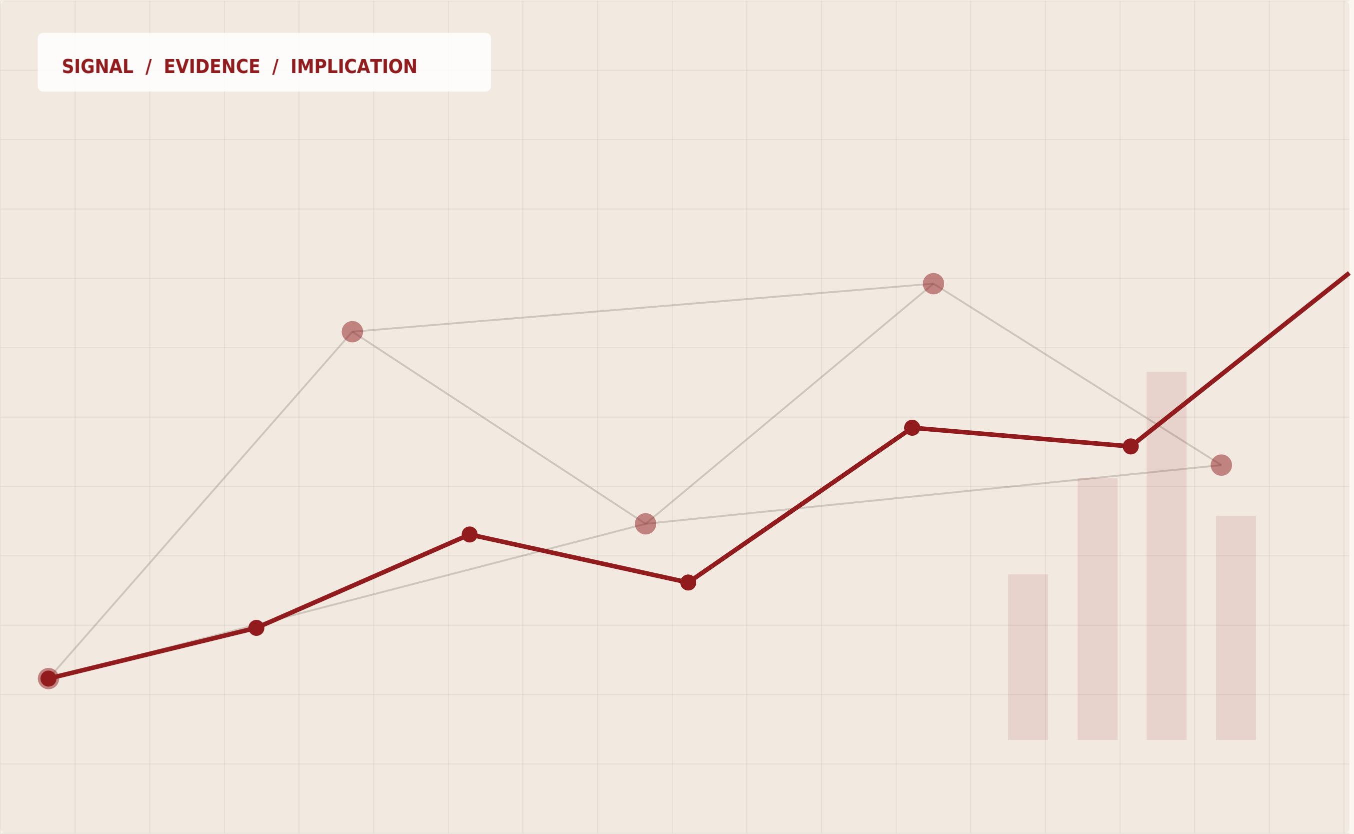
TRADE / POLICY / AFCFTA

TRADE BRIEF / AUGUST 2026

The Deal Is Signed. The Trade Isn't.

What Ethiopia's AfCFTA Implementation Review Found and Why Tariff-Free Access Alone Does Not Create Trade



InfoPlate Media | Ethiopia
A Division of OBSINET GROUP
PRIMARY-SOURCE INTELLIGENCE

01 KPI DASHBOARD

1.4B+ **People inside the AfCFTA single market** *AfCFTA Secretariat coverage, Jun 2026*	**90%** **Ethiopia's tariff lines liberalizing immediately** *Reg. 574/2025, Oct 2025*	**8** **AfCFTA protocols ratified by Ethiopia** *Ministry of Trade & Regional Integration, Oct 2025*
3 **Countries in Ethiopia's first AfCFTA shipments** *Ministry of Trade & Regional Integration, Oct 9, 2025*	**40+** **Ethiopian exporters registered under AfCFTA rules** *Ministry of Trade & Regional Integration, Oct 2025*	**9.1%** **Of Ethiopia's total trade that is intra-African** *NTU-SBF Centre for African Studies, 2023 data*

DATA INTEGRITY NOTE: *Kenya's Q1 2026 Africa-export share and Ethiopia's 2023 intra-African trade share (charted in Section 4) are each drawn from a single named outlet; a second independent confirmation of the exact figures was not located at time of writing. Reference periods differ by geography and are dated individually throughout.*

02 KEY FINDINGS

WHAT'S ACTUALLY SIGNED

Ethiopia has ratified eight AfCFTA protocols, covering investment, competition policy, intellectual property, dispute resolution, digital trade, and the inclusion of women and youth. It has gazetted its tariff concession schedule under Council of Ministers Regulation No. 574/2025 and validated a national implementation strategy built with the UN Economic Commission for Africa. On October 9, 2025, it shipped its first duty-free consignments, meat, coffee, pulses, fruit and vegetables, to Kenya, Somalia, and South Africa. On paper, Ethiopia is one of the more prepared entrants to the continental market.

WHAT THE REVIEW FOUND

On August 6, 2026, Ethiopia concluded a formal validation review of its AfCFTA implementation under AFIRM, the continent's audit mechanism for member states. Conducted with the AfCFTA Secretariat in Bishoftu, the review drew on document analysis, stakeholder consultation, and field data. It validated Ethiopia's implementation scores, identified good practices to build on, and flagged legal, institutional, and operational gaps in how the framework is functioning on the ground. This is not outside criticism; it is Ethiopia's own review, run jointly with the body that governs the agreement.

03 AT A GLANCE

- **LAUNCH:** Ethiopia's first AfCFTA-preference shipments left Bole International Airport on October 9, 2025, with additional volume moving by land to Kenya, Somalia, and South Africa.

- **STRUCTURE:** Ninety percent of Ethiopia's tariff lines fall under Category A and are liberalizing immediately; seven percent (Category B) phase down to zero over eight years starting January 2026; three percent (Category C) are excluded entirely.
- **REGISTRATION:** More than 40 Ethiopian exporters have registered under AfCFTA rules, though officials say only a limited number participated in the first wave while buyer arrangements are finalized.
- **REVIEW:** The AfCFTA Secretariat's August 2026 validation review of Ethiopia's Trade in Goods implementation found legal, institutional, and operational gaps, alongside recommendations now feeding into a national reform plan.
- **BENCHMARK:** Ethiopia's intra-African trade was 9.1 percent of its total trade in 2023; Kenya's Africa-bound exports reached 41.7 percent of its total exports in the first quarter of 2026.
- **LOGISTICS:** Regional governments estimate underdeveloped transport networks add as much as 40 percent to the cost of moving goods across the continent. Kenya's Investments, Trade and Industry Cabinet Secretary has named logistics, not tariffs, as the continent's greatest remaining trade challenge.

04 ANALYSIS

What Changed, and What It Doesn't Change

The October 2025 launch is no longer the story. Ethiopia has been shipping under AfCFTA preferences for ten months, and the volumes remain narrow: three destination countries, a handful of agricultural product lines, and a self-reported figure of just over 40 registered exporters out of a national exporter base many times that size. What changed this month is that Ethiopia's own implementation review, run jointly with the AfCFTA Secretariat and concluded August 6, 2026, put a name to why the volumes have stayed narrow. It found legal, institutional, and operational gaps, the same three categories that determine whether a signed framework becomes a usable one.

For a reader deciding whether AfCFTA access changes anything about doing business in Ethiopia this year, that distinction matters more than the headline ratification numbers. A framework can be fully signed and still be operationally thin. The review is the first document that measures the thin part directly, rather than inferring it from trade statistics months later.

Where the Gaps Actually Bite

The public commentary around AFIRM reviews across the continent points to a consistent pattern, and Ethiopia's case fits it: institutional coordination and logistics, not tariff design, are the binding constraints. Ethiopia created a National AfCFTA Coordination Office inside the Ministry of Trade and Regional Integration specifically to unify what had been fragmented, manual permitting and licensing processes; that office is still the newest part of the system. Rules-of-origin certification, the paperwork that determines whether a given shipment actually qualifies for the tariff preference, adds friction at the exporter level that a tariff schedule alone does not fix.

Logistics compounds it. Regional governments estimate that underdeveloped transport networks add as much as 40 percent to the cost of moving goods across African borders, and a UN Economic Commission for Africa analysis found that more than 60,000 kilometers of road links, at a projected cost near 24 billion dollars, need upgrading to handle the freight growth AfCFTA is expected to generate by 2030. None of that is Ethiopia-specific. It is the reason a tariff-preference agreement and an operational trade corridor are two different achievements, and why the August review's institutional and operational findings are the more informative signal than the October launch was.

The Investor Question: Move Now or Wait

The honest answer depends on what is being traded. For agricultural exporters working the established Kenya, Somalia, and South Africa corridors, Category A liberalization is already in effect and the infrastructure to ship, air cargo out of Bole, land routes to neighboring states, already exists. The opportunity there is real but incremental: better margins on a trade flow that was mostly happening anyway, now duty-free.

For manufacturers or investors evaluating Ethiopia as a regional production base, the calculus is different. Category B goods do not finish their tariff phase-down until 2033, and Ethiopia's status as one of the AfCFTA's G6 least-developed-country group means some product lines carry an even longer runway. Layer the August review's institutional findings on top of that timeline, and the realistic read is that AfCFTA-driven manufacturing advantage is a multi-year build, not a this-quarter opportunity. The framework rewards patience and local partnership over speed.

The Peer Benchmark: Why Kenya's Head Start Matters

Kenya sent 41.7 percent of its exports to other African countries in the first quarter of 2026, more than four times Ethiopia's 9.1 percent share in 2023. That gap predates AfCFTA; Kenya's trade relationships inside the East African Community and COMESA go back decades, and its logistics base, ports, road corridors, freight forwarders, was built for regional trade well before the continental agreement existed. The comparison is not a verdict on Ethiopia's AfCFTA effort. It is a picture of what mature regional trade infrastructure produces in outcome terms, and a reminder that even Kenya's own trade ministry points to logistics, not tariffs, as the continent's biggest remaining obstacle.

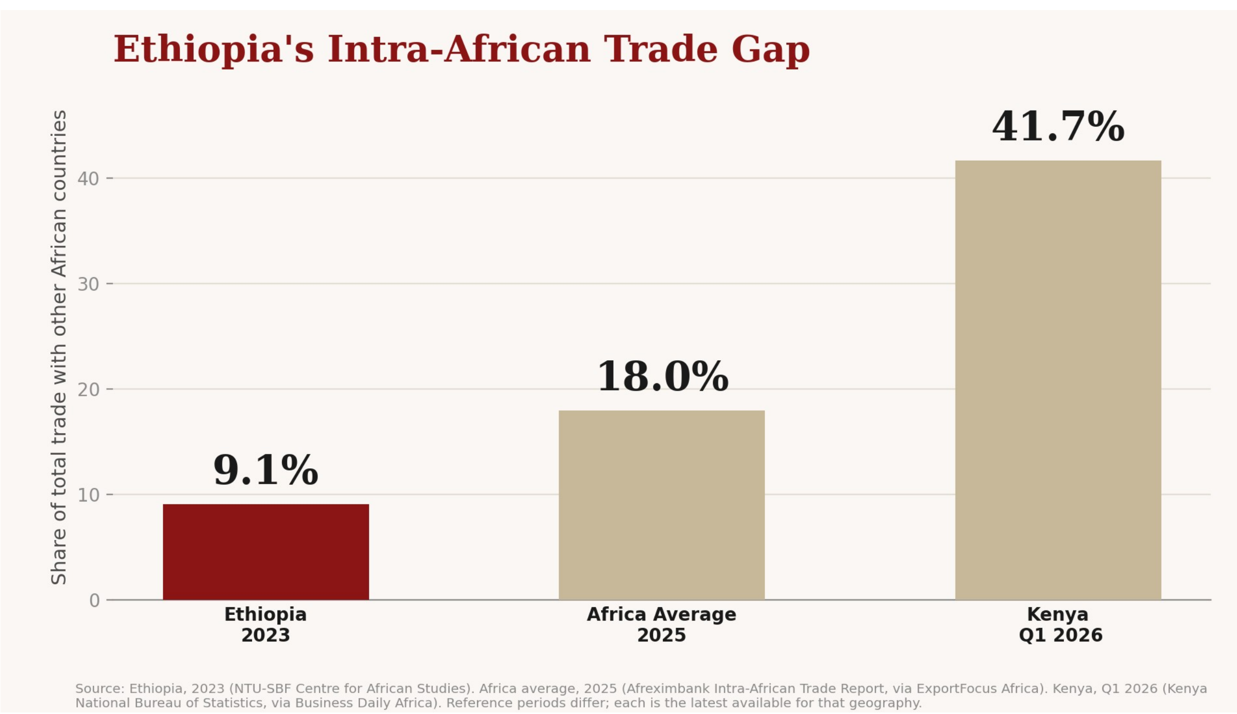


Figure 1: Share of total trade conducted with other African countries. Ethiopia, 2023 (NTU-SBF Centre for African Studies); Africa average, 2025 (Afreximbank Intra-African Trade Report, via ExportFocus Africa); Kenya, Q1 2026 (Kenya National Bureau of Statistics, via Business Daily Africa).

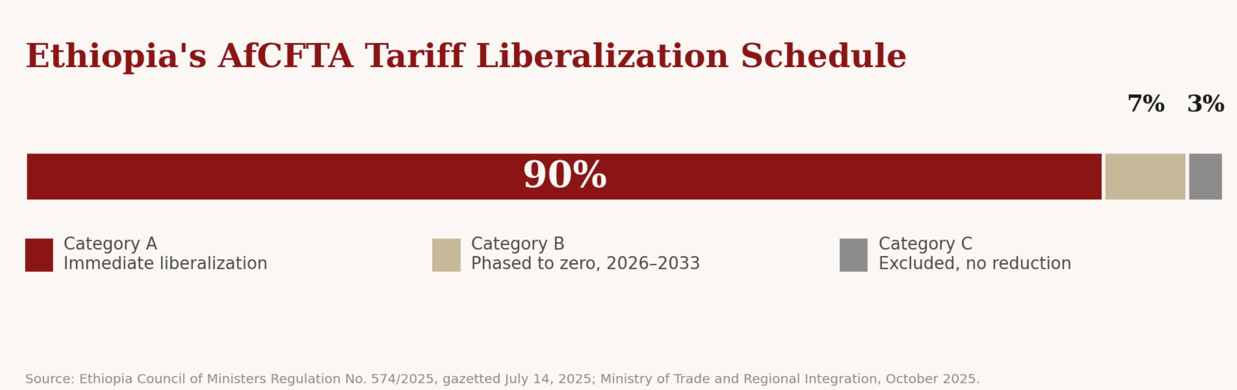


Figure 2: Ethiopia's AfCFTA tariff category breakdown. Source: Ethiopia Council of Ministers Regulation No. 574/2025, gazetted July 14, 2025; Ministry of Trade and Regional Integration, October 2025.

Two forecasts frame the stakes without being mistaken for guarantees. The World Bank's 2020 continental modeling, run before AfCFTA implementation began, projected that full implementation could lift Africa-wide income by 7 percent, roughly 450 billion dollars at 2014 prices, and move 30 million people out of extreme poverty by 2035, under a full-implementation scenario the August review is effectively testing Ethiopia against. Afreximbank's more near-term African Trade and Economic Outlook 2026, published in March, projects intra-African trade growing 10 percent this year to 230 billion dollars, but Afreximbank is explicit that this is its optimistic scenario, built on assumptions of political stability, regional integration progress, and a stabilizing global trade environment holding through the year. Neither figure is a forecast for Ethiopia specifically, and neither should be read as a floor.

05 EDITOR'S OUTLOOK

Ethiopia's AfCFTA story this year is not a launch story anymore. It's an execution story. The October shipments proved the mechanics can work: goods can leave Bole International Airport, clear as duty-free, and land in Nairobi, Mogadishu, or Johannesburg. The August review proved something arguably more useful to an outside investor, that the government is willing to have an outside body document, in writing, where the mechanics still don't work. A country confident enough to publish its own gap analysis is a different proposition than one that only publishes its wins.

What we're watching next: whether the reform recommendations from the Bishoftu review appear in the next Council of Ministers session or stay filed; whether shipment destinations expand beyond the original three before year-end; and whether Category B tariff lines begin their scheduled phase-down on time now that January 2026 has passed. None of those require a new headline number to track. All three would tell us, more clearly than any ratification count, whether August's findings turned into action or into a report.

For now, the honest position for a decision-maker is this: the deal is real, the market access is real, and the gap between signing and operating is real too. Price that gap into the timeline, not into the decision of whether to engage at all.