



## REVISITING THE NEED FOR A CONCISE TRADE-BASED ANTI-MONEY LAUNDERING LEGAL AND REGULATORY FRAMEWORK UNDER AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)

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### ABSTRACT

Over the years, African continent has clamored for one indivisible Africa; a liberated African continent free from every form of economic, political and socio neocolonialism. With the determination to achieve this, various regional integration arrangements (RIAs), groupings and or economic integration blocks have been put into place. It must be emphasized that notwithstanding the existence of these regional arrangements and or blocks, though over-lapping, no or little successes have been recorded. This could be traced to the fact that the contribution of trade within Africa to the total foreign trade has been low compared to other regions and the fact that most African countries' economies suffer from challenges ranging from lack of trade finance, acute macroeconomic disequilibrium, foreign debt services burdens and over-valued currencies. These afore-mentioned challenges have been the recurrent decimal over the years. The recent move to bringing Africa continent together economically and politically is the African Continental Free Trade Area (AfCfta) that came into force on the 30<sup>th</sup> of May, 2019. This initiative, however, has suffered setbacks and criticisms by scholars, researchers, trade experts, and political analysts. This paper therefore attempts to examine the scope of trade-based laundering of illicit funds within the African Continental Free Trade Area (AfCfta) and advocate for the need to have strong and coherent anti-money laundering legal and or regulatory framework that will help to curb trade-based laundering that may ensue therefrom.

**KEYWORDS:** AfCFTA, African, TBML, Mis-invoicing, Money-laundering

### 1. INTRODUCTION

Over the years, African continent has clamored for one indivisible Africa; a liberated African continent free from every form of economic, political and socio neocolonialism. With the determination to achieve this, various regional integration arrangements (RIAs), groupings and or economic integration blocks have been put into place. It must be emphasized that notwithstanding the existence of these regional arrangements and or blocks, though over-lapping, no or little successes have been recorded. This could be traced to the fact that the contribution of trade within Africa to the total foreign trade has been low compared to other regions and the fact that most African countries' economies suffer from challenges ranging from lack of trade finance, acute macroeconomic disequilibrium, foreign debt services burdens and over-valued currencies. These afore-mentioned challenges have been the recurrent decimal over the years. The recent move to bringing Africa continent together economically and



politically is the African Continental Free Trade Area (AfCfta) that came into force on the 30<sup>th</sup> of May, 2019. This initiative, however, has suffered setbacks and criticisms by scholars, researchers, trade experts, and political analysts. This paper therefore attempts to examine the scope of trade-based laundering of illicit funds<sup>1</sup> specifically from the general specie of money laundering within the African Continental Free Trade Area (AfCfta) and advocate for the need to have strong and coherent anti-money laundering legal and or regulatory framework that will help to curb trade-based laundering that may ensue therefrom. The question to be asked is: what is trade-based money laundering (TBML) and AfCfta?

## 2. AGREEMENT ESTABLISHING AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)

African Continental Free Trade Area (AfCfta) is the latest and recent regional economic initiative put in place for the purposes of ensuring liberalization in goods and services, persons and capital<sup>2</sup>. Liberalisation simply means the deliberate removal of all forms of barriers to trade, in goods and services, persons and the opening up of intra-African trade economies/sectors for economic integration and commercial business transactions both regionally or internationally.

It must be noted also that AfCfta is a *sui-generis* form of free trade area. It is separate and distinct from the ordinary and classified free trade area wherein there is liberalisation in goods and services only. AfCfta is a free trade area that provides for liberalisation in goods and services, capital and people with a view to removing all forms of trade barriers.

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<sup>1</sup> W Witherell, 'International Approaches to Combating Financial Abuse and Promoting Stable Financial Markets'(2002)(5) *Journal of Money Laundering Control*, 257-262; B Blunden, 'The Money Launderers: How They Do It, And How to Catch Them At; S Salva 'Money Laundering and Financial Intermediaries'(2001) *Kluwer Law International*; K D Magliveras 'Banks, Money Laundering and the European Community' in J Norton(ed), 'Banks, Fraud and Crime'(2000) at 173-200; M. Zeldin, 'Money Laundering'(1998)(1) *Journal of Money Laundering Control*; J Fisher, 'Money Laundering Law and Forfeiture, Proportionality and Instrumentality: USA v. Bajakajian, The US Supreme Court Tries Again' (1998)(1) *Journal of Money Laundering Control*; DC Jayasuriya, 'Money Laundering: The Role of Legislation in Developing Economies'(1998) 1 *Journal of Money Laundering Control*; A. Itzikowitz, 'South-Africa: Prevention and Control of Money Laundering'(1998)(2) *Journal of Money Laundering Control*; C U Uche, 'The Adoption of a Money Laundering Law in Nigeria'(1998)(1) *Journal of Money Laundering Control*; L J Candler 'Commingled Funds: How to seize Proceeds of Electronic Crime'(1998) 1 *Journal of Money Laundering Control*; M. Pheiffer 'Financial Investigations and Criminal Money' (1998)(2) *Journal of Money Laundering Control*; D. Masciandro 'Money Laundering Regulation: The Micro Economics'(1998)(2) *Journal of Money Laundering Control*; R K Interseer 'An Economic Analysis of Money Laundering' (1997)(1) *Journal of Money Laundering Control*; A Haynes, 'Securitisation, Money Laundering and Fraud' (1997) (1) *Journal of Money Laundering Control*

<sup>2</sup> B Oyaleke, 'Regulating Trade-Based Illicit Financial Activities in Nigeria' (LL.M Dissertation, University of Pretoria, South Africa, 2019)<<http://hdl.handle.net/2263/73378>> accessed 26 August, 2025.



From the inception and or coming into force of the block on the 30<sup>th</sup> of May, 2019, several concerns have been raised on the viability or the possibility of the regional economic block achieving its desired purposes as various matters had arisen therefrom. Article 4 of the Agreement establishing the African Continental Free Trade Area provides for the specific objectives of AfCfta which include “to continuously remove all forms of trade barriers in goods, cause liberalization of trade in services and have a level of cooperation as it relates to investment, competitive policy, intellectual property rights and cooperate on all trade–related areas.”<sup>3</sup>

The spirit behind the AfCfta is that party states to the agreement are expected to progressively eliminate all forms of barriers to trade in goods, services and persons in terms of tariffs and other restrictive regulations of commerce and or non-tariffs barriers by opening up their respective economies to other African party states until a single market is achieved that would ensure easy and effective movement of goods and service, persons and capital. As of February, 2025, 54 of the 55 member states of the African Union had signed the Agreement establishing the free trade area while 48 had ratified same and became party states to the Agreement.<sup>4</sup>

It is envisaged that the initiative would bring together all 55 member states of the African Union, thereby creating a market capacity of more than 1.4 billion people on the one hand and a combined gross domestic product (GDP) of more than US\$3.4 trillion on the other hand.<sup>5</sup> Furthermore, it is envisaged that it will be the world’s largest free trade area after the World Trade Organization as it has the potential of eliminating import duties within African by 52.3 percent.<sup>6</sup>

Thus far, the initiative had led to an upsurge in international commercial transactions between and among the party states *inter-se* within the free trade area as it relates to trade in goods and services on the one hand and an upsurge in the movement of persons and capital on the other hand. Avalanche of cross-border businesses and companies have emerged which is leading to an upsurge in goods imported and exported within Africa and creating an exponential increase in the cross-border movement of capital also. Ironically, the free trade area has further

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<sup>3</sup> Article 4 of the agreement establishing the African Continental Free Trade Area

<sup>4</sup> <<https://english.news.cn/20250220/94dc819be5f14ab9a0de2594a289673c/c.html#:~:text=understanding:%20Japanese%20insiders-,Follow%20us%20on,48%20African%20countries%20ratify%20agreement>> accessed 26 August 2025

<sup>5</sup> Ibid.

<sup>6</sup> Oyaleke (n 2) 64.



encouraged and provided a good platform for illicit financial flows movement within the space through trade-based money laundering activities. This paper therefore attempts to identify and examine trade-based money laundering within the context of African Continental Free Trade Area (AfCfta) as one of the matters arising and advocate for a need to having a strong and coherent legal and regulatory framework that will curb the insurgence of trade-related laundering of illicit funds that may ensue upon its full implementation and other ancillary matters.

It is predicted that upon full implementation of the AfCfta, there will be a surge in the capital movement within Africa and a massive increase in trade transactions between African states and the world in general. This has the greater possibility of creating a greater likelihood of opportunity for criminals to launder their illicit funds gotten through drug trafficking, kidnapping, murder, bribery and corruption, human trafficking, embezzlement, fraud to mention but a few through the guise of AfCfta regime.<sup>7</sup>

The next question to ask is: are party states to the agreement ready to combat trade-based laundering of illicit funds that has the likelihood of ensuing from the full implementation of the Agreement?

### **3. TRADE-BASED MONEY LAUNDERING & AFCFTA**

#### **Trade-Based Money Laundering**

Trade-based money laundering (TBML) is a new frontier used in the laundering of illicit financial flows (IFF). It is estimated that billions of US dollars are moved from the African continent through IFF annually, creating an impact on the economy generally in Africa.<sup>8</sup>Thamasegaran and Shanmugam<sup>9</sup> are of the view that trade related laundering of illicit funds is the act of disguising the proceeds of crimes by manipulating the international trade system.<sup>10</sup> They submit further that TBML is possible on the ground that there is an upsurge in trade in goods and services, multiplicity in terms of trade financing arrangements and usage of

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<sup>7</sup>Oyaleke (n 2) 66.

<sup>8</sup> B Oyaleke, 'A Critical Analysis of trade-based money laundering activities in Nigeria' (2024)(1)[1]KWASU *Business and Private Law Journal*, <<https://kwasuspace.kwasu.edu.ng/handle/123456789/2907>> accessed 26 August 2025; ISSN: 0795-7408

<sup>9</sup> H Thamasegaran and B Shanmugam, 'International trade-based money laundering: the Malaysian perspective' (2007) (10) *Journal of Money Laundering Control*, 431

<sup>10</sup>Oyaleke (n 8) 270.



many foreign exchange businesses. According to them, the known platforms to launder illicit funds through the use of the international trading system are multiple invoicing of goods, over- and under-invoicing of goods and services, a false description of goods and complex trade arrangements and under- and over-shipment of goods and services.<sup>11</sup> They are of the firm view that laundering of illicit funds tend to affect sovereign states globally through the international trading system. The transactions made through the international trading system create vast negative impacts on economic growth and development of such countries. Revenue are lost when for instance, goods are exported at a reduced compared to the ordinary market price.<sup>12</sup> They submit that TBML will be reduced when an effective system is created that detects misrepresentation of prices, the quantity and quality of goods and services in most countries.<sup>13</sup>

For instance, according to Thamasegaran and Shanmugam<sup>14</sup> not less than US\$4 billion was illegally laundered through misrepresentation of prices from South-American countries to the USA through exports sometimes in 1995.<sup>15</sup> In the same year, not less than US\$400 million was illegally laundered from the USA to Greece.<sup>16</sup>

They submitted that the main purpose of engaging in laundering activities is to conceal proceeds of illegally obtained wealth and the way to curb the menace is to develop a strong and coherent anti-money legal frameworks. I agree to the extent that money launderers' main aim is to conceal the source of the illicit funds, however in practice, the objective behind laundering is multifaceted in the sense that "entities engaged in laundering with the intent to cover up an already committed act or omission, which in the world of money laundering is called predicate offence(s) on the one hand, and the need to create a constant financial flow or availability of fund to further propagate this 'already committed predicate offence' or use the laundered money to engage in other businesses which may be legitimate or illegitimate on the other hand"<sup>17</sup>

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<sup>11</sup> Ibid, 271

<sup>12</sup> Ibid.

<sup>13</sup> (n 8) 271.

<sup>14</sup> Ibid.

<sup>15</sup> J S Zdanowics, S Pak, and M Sullivan, 'Brazil-United States Trade: Capital Flight Through Abnormal Pricing' (1999)(13) *The International Trade Journal*, p 423-443.

<sup>16</sup> S J Pak, S H Zanakias, and J S Zdanowicz, 'Detecting Abnormal Pricing in International Trade: the Greece-USA Case' (2003) 33 *Interfaces*, No. 2, 54-64

<sup>17</sup> Lilley, P 'Dirty Dealing: The Untold Truth about Global Money Laundering, International Crime and Terrorism' (2006) 28



Furthermore, having a strong, effective and coherent anti-money laundering systems cum laws is not enough to curb the menace of laundering if same is not supported by political will on the part of the government in fighting same by making all necessary resources available. This is one of the recommendations that this paper attempts to suggest.

### **Forms of Trade-Based Money Laundering**

According to the FATF's Best practices on trade-based money laundering which came out in 2006, there are four basic techniques of trade-based laundering and they are: over-and under-invoicing of goods and services, over-and under-shipment of goods and services, falsification of the descriptions of goods & services, the use of front companies and the Black-Market Peso Exchange.<sup>18</sup>

#### **Over and Under-Invoicing of Goods and Services**

Over-and under-invoicing of goods and services involves misrepresentation of the prices of goods and services for the purpose of transferring value from an exporter to an importer.<sup>19</sup> This is the oldest method of fraudulently transferring value in the international trading system.<sup>20</sup> Through under-invoicing of goods and services, an exporter company reduces the price of a good lower than the fair market price and transfers value to the colluding affiliate importing company. The importing company in return sells the goods and services so transferred at the fair market value, thereby making more money than what she initially paid for the goods and services sent/invoiced by the exporter. It was discovered that about \$53.1 billion is lost by the U.S government as tax revenue caused by the fraudulent transfer of prices of goods and service by colluding foreign exporters and local importers in 2001.<sup>21</sup>

It was also discovered that under and over-pricing of imports and exports allows for tax evasion, terrorist financing and money laundering.<sup>22</sup> The most common and popular pricing scheme is to under-value exports instead of over-pricing imports.<sup>23</sup>

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<sup>18</sup> H Duggan and P Drewery 'UK Part 1:UK Money Laundering-Typological Consideration' in A. Srivastava and others (eds) *International Guide to Money Laundering Law and Practice* (2013) 34 .

<sup>19</sup> 'Financial Action Task Force (FATF) Typologies-Trade-based money laundering' <<https://www.fatf-gafi.org/publications/methodsandtrends/documents/trade-basedmoneylaundrying.html>> accessed 26 August, 2025

<sup>20</sup> 'Financial Action Task Force (FATF) Typologies-Trade-based money laundering' <<https://www.fatf-gafi.org/publications/methodsandtrends/documents/trade-basedmoneylaundrying.html>> accessed 26 August, 2025

<sup>21</sup><[http://files.acams.org/pdfs/English\\_Study\\_Guide/Chapter2.pdf](http://files.acams.org/pdfs/English_Study_Guide/Chapter2.pdf)> accessed 26 August, 2025.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.



Using Nigeria as a case study, the most known activity that constitutes trade-based money laundering in Nigeria is smuggling. Different categories of goods are smuggled into Nigeria through the neighbouring smaller countries like Benin. Several million tons of rice amounting to several millions of 50kg rice bags is estimated to have been smuggled in to the country yearly.<sup>24</sup>

The government of Nigeria in order to protect local rice farmers and producers banned the importation of rice into the country. However, due to the inability of the local farmers to meet up with the teeming demands for rice consumption, individuals and companies resort to illegal smuggling of rice through the neighboring countries. This, creates a platform for fraudulent persons to launder their illicit funds through the misrepresentation of prices of rice bags and other goods cross-border upon engaging in nefarious activities and predicated offences such as peculiar to Nigeria such as bribery and corruption, kidnapping, embezzlement, fraud, drug trafficking, human trafficking, robbery or theft, murder and piracy.<sup>25</sup>

Laundering of illicit funds by under and over-pricing through smuggling of goods and services has been a lingering issue of concerns in Nigeria.<sup>26</sup> While over invoicing is when the Company G (a domestic exporter) ships about 1 billion cowries that worth \$2 each, but invoices Company H (a colluding foreign importer) for 1 billion cowries at a price of \$ 3each. Then Company H acting on the invoices so sent pays Company G for the goods through a wire transfer for \$ 3 billion. Company G upon the receipt of the \$ 3 billion pays \$2 billion to the suppliers and remit the remaining \$1 billion (the difference between the invoiced price and the actual fair market price) in the account to be agreed on by the two colluding parties.<sup>27</sup>

It must be noted, however, that for there to be an effective laundering of illicit funds through over and under invoicing, there must be a *consensus ad idem* (collusion) between two or more parties which maybe between an exporter and importer, both controlled by one money laundering network to carry out the illegal transaction.<sup>28</sup>

<sup>24</sup><<https://www.ft.com/content/c2636fca-86b0-11e9-97ea-05ac2431f453>> accessed 27 August, 2025

<sup>25</sup><[https://www.cbn.gov.ng/out/2019/ccd/cbn%20anti-money%20laundering%20\\_combating%20the%20financing%20of%20terrorism%20\\_manual%20\(2\).pdf](https://www.cbn.gov.ng/out/2019/ccd/cbn%20anti-money%20laundering%20_combating%20the%20financing%20of%20terrorism%20_manual%20(2).pdf)> accessed 26 August, 2025.

<sup>26</sup><<https://www.ft.com/content/c2636fca-86b0-11e9-97ea-05ac2431f453>> accessed 27 August, 2025.

<sup>27</sup> 'Financial Action Task Force (FATF) Typologies-Trade-based money laundering' <<https://www.fatf-gafi.org/publications/methodsandtrends/documents/trade-basedmoneylaundering.html>> accessed 2<sup>nd</sup> September, 2025

<sup>28</sup>Duggan and P Drewery (n 18) 34.



Furthermore, under and over-invoicing is possible in most cases because most African countries only set rules and restrictions on what could be imported into their respective countries by imposing tariff duties, customs duties and other forms of tariff barriers because the revenue made therefrom serves as the major source of revenue for most African countries. Therefore, there is less attention to what happen at the exports level. Criminals exploit this neglect in perpetuating laundering.<sup>29</sup>

### **Over and Under-Shipment of Goods and Services**

This involves under-statement or over-statement of the quantity of goods shipped or services being supplied in addition to the manipulation of the prices of goods and services of both the imports and the exports.<sup>30</sup> Using this technique of trade-based laundering of illicit funds, a laundering exporter may not even export any goods or supply any services to the importer, but agree with the importer to furnish all necessary documents for the shipments of the goods are processed.<sup>31</sup> This form of technique is also known as ‘phantom shipment’

### **Falsification of The Descriptions of Goods and Services.**

This is a form of trade related laundering of illicit funds that deals with the misrepresentation of the quality of goods and services. An exporter who desires to transfer value using this technique may do so by depicting and shipping a less expensive item as an expensive one or can even ship a different item entirely.<sup>32</sup> There is therefore discrepancy in what is shown on the customs papers and what is shipped in the real sense. It must be re-iterated that this form of technique deals with misrepresentation that relates to the quality of goods shipped and services delivered.

This may be illustrated as follows: Company A (a domestic exporter) ships 1 million gold chains worth \$2 each to Company B (a colluding foreign importer), but on the paper invoices Company B for 1 million silver chains worth \$1 each. Company B pays Company A for the

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<sup>29</sup> <[http://files.acams.org/pdfs/English\\_Study\\_Guide/Chapter2.pdf](http://files.acams.org/pdfs/English_Study_Guide/Chapter2.pdf)> accessed 2<sup>nd</sup> September, 2025; ‘Financial Action Task Force (FATF) Typologies-Trade-based money laundering’ <<https://www.fatf-gafi.org/publications/methodsandtrends/documents/trade-basedmoneylaundering.html>> accessed 2<sup>nd</sup> September, 2025

<sup>30</sup> ‘Financial Action Task Force (FATF) Typologies-Trade-based money laundering’ <<https://www.fatf-gafi.org/publications/methodsandtrends/documents/trade-basedmoneylaundering.html>> accessed 2<sup>nd</sup> September, 2025>

<sup>31</sup> Ibid.

<sup>32</sup> (n 30), 6.



supplied goods for \$ 1 million. Company B then proceed to sell the gold chains at the fair market value for \$2 million and sends the balance of \$ 1 million to Company A's instructions.<sup>33</sup>

### **Multiple Invoicing of Goods and Services**

This is another basic method used to launder illicit fund through trade activities. This simply means the use of more than one invoice for the same trade transaction.<sup>34</sup> A launderer through TBML can easily justify this multiple of payments for the same goods and services to evade suspicion. It must be noted, however, that the launderers may have legitimate excuses for such transactions such as amendment of payment terms, the payment of late fees or corrections to previous payment instructions.<sup>35</sup> The launderer also needs not to misrepresent the price of the good and service on the invoice.<sup>36</sup>

### **4. TRADE-BASED MONEY LAUNDERING AND AFCFTA,**

AfCfta is a regional economic block that attempts to remove all forms of barriers to trade by ensuring liberalisation in goods and services, capital and people. It came into force on the 30<sup>th</sup> of May, 2019 upon the fulfillment of the required number of states for its ratification. So, far 54 member states of African Union had signed the Agreement establishing the regional economic block while 48 had ratified same and become party states to the agreement.<sup>37</sup> It must be stressed and noted that upon the full implementation of this agreement, there will be massive intra-Africa trade and investment. There will be an increase in the capital movement within Africa and a massive increase in trade transactions between African states and the world in general.

Naturally, money laundering activity thrives when there is a weak anti-money laundering law and or regulations. The entities that engage in money laundering take advantage of weak strategies in the laws or regulations for combating laundering and terrorism financing to perpetrate their devilish acts.

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<sup>33</sup> Ibid.

<sup>34</sup>(n 34), 5.

<sup>35</sup>(n 34), 5.

<sup>36</sup>Ibid, 6.

<sup>37</sup><<https://www.brookings.edu/blog/africa-in-focus/2019/07/13/africa-in-the-news-updates-on-the-afcfta-eac-border-closures-and-sudan-power-sharing-agreement/>> accessed 2<sup>nd</sup> September, 2025



According to the article 36 of the United Nations Convention against Organised Crime (Palermo Convention) that criminalises every form of money laundering globally, every regional economic organization is expected to be a signatory to the Convention provided that at least one of the member states of such organization had signed the Convention any period from 12-15 December, 2000 at the Palazzo di Giustizia in Palermo, Italy and thereafter at the United Nations Headquarters in New York until December, 2002. It is on record that most of the 54 African member states to the AfCfta agreement had signed or ratified the Convention within that period of time. Therefore, bringing AfCfta within those regional economic organizations required to be signatories to the Convention.

The next question to ask is: has the leadership of African Union or the Committee on the implementation of AfCfta signed, ratified and or submitted instrument of accession as required by law in the Convention before AfCfta came into force on the 30<sup>th</sup> day of May, 2019 or any period so soon thereafter to comply with the Convention?

In the meantime, there is no scintilla of evidence or document to show that the leadership of African Union or the Committee on the implementation of AfCfta has deemed it fit to sign, ratify and or deposit any instrument of accession at the appropriate venue required by law. If this has not been done, it shows that the Agreement establishing AfCfta has not complied with the letter of the Convention and so, it may not benefit from the anti-money laundering provisions contained in the Convention.

This therefore means the Agreement establishing AfCfta has not complied with the letters of Palermo Convention and this gives an opportunity for launderers to exploit it to launder their illicit funds. There is no provision of the Agreement that regulates trade-based laundering of illicit funds that may arise upon the full implementation of the free trade area.

This research, therefore in that respect, advocates and recommends for a strong and coherent anti-money laundering legal and or regulatory framework to curb money laundering activities generally and in particular trade-based laundering of illicit funds that may ensue within the free trade area upon its implementation.

It is also the well-considered view of the author that having a strong and coherent anti-money laundering laws, regulations and or procedures within the free trade area is not enough in curbing money laundering through trade related activities where there is no strong political will



on the part of the member states. African member states must have and show a strong political will in fighting this cankerworm called laundering of dirty money generally and in particular, the trade-related laundering that may ensue upon the full implementation of the African Continental Free Trade Area (AfCfta).

## **5. CONCLUSION**

It is not in doubt that African Continental Free Trade Area (AfCfta) will bring about increase in the capital movement within Africa and a massive increase in trade transactions between African states and the rest of the world in general and the resultant increase in trade-based laundering of illicit funds and or illicit financial flows. What is in issues is that African states are not ready yet in combating this ugly monster called money laundering within the free trade area in general, and in particular, trade-based money laundering that may ensue upon its full implementation. This is because there is no provision that borders on such in the agreement establishing AfCfta.

Furthermore, it is clear from the above that it is needed urgently to have a strong and coherent anti-money laundering laws, regulations and or procedures and regulatory frameworks within the free trade area that will curb the menace of TBML on the one hand and also that it is not enough in curbing money laundering through trade related activities where there is no strong political will on the part of the member states to enforcement the laws, regulations and procedures when put in place. African member states must have and show a strong political will in fighting this cankerworm called laundering of dirty money generally and in particular, the trade-related laundering that may ensue upon the full implementation of the African Continental Free Trade Area (AfCfta).

## **6. RECOMMENDATIONS**

The following recommendations are suggested:

- (1) There should be a regional anti-money laundering legal and or regulatory framework within the African Continental Free Trade Area that will address trade-based laundering of illicit funds that may likely ensue therefrom upon its full implementation.



- (2) There should be harmonization of the existing regulatory frameworks geared towards the curbing of illicit financial flows in Africa into a single framework to address the menace of illicit financial flows generally and trade-based money laundering specifically.
  - (3) The proposed legal and or regulatory framework should be framed or adapted to meet African trade needs and peculiarities. There should be no copy and paste work from the Western world frameworks. Inspirations could be gotten from their legal and or regulatory frameworks in developing it but should not be copied and pasted without necessary adaption.
  - (4) In addition to item 3 above, there should be a strong political will to ensuring that the law and or regulation that will be put in place is complied with and followed to the letter by putting in place necessary enforcement mechanisms and sanctions or penalties.
  - (5) There should be a committee or agency that will see to the enforcement of the proposed trade based anti-money laundering regulation or law within the AfCfta.
  - (6) Sanctions and or penalties for erring party states within AfCfta that breach the provisions of the proposed anti-money laundering law or regulation should be stated clearly in the law and or regulation.
1. In drafting the proposed anti-money laundering legal and or regulatory framework for AfCfta, the provisions of the FATF's 40 Recommendations on money laundering should be taken into consideration.