



**Africa Week 2015**

**Concept Note**

**High-level Panel Discussion**

**Role of African Regional and Sub-regional Organizations in achieving  
Regional Integration: the Continental Free Trade Area within the context of  
the First 10-Year Implementation Plan of Agenda 2063**

**ECOSOC Chamber, UN HQ, New York  
Monday, 12 October, 2015, 9:30am – 1:00pm**

## I. Introduction and Background

Regional integration has been a core element of African countries' development strategies. The genesis of a concerted effort to integrate the African continent economically can be traced directly to the Lagos Plan of Action (1980), and to the OAU Charter. This effort resulted in the adoption of the Treaty Establishing the African Economic Community (Abuja Treaty) in June 1991, which entered into force on 12 May 1994. The AEC was established as an integral part of the OAU with the primary aim of promoting the integration of African economies. The integration strategy adopted by the Abuja Treaty is based on the use of the Regional Economic Communities (RECs) as 'building blocks' for the eventual continental trade bloc. Though the Treaty provided for the creation of five RECs corresponding to the five regions recognised by the OAU, there are currently eight RECs<sup>1</sup> that have been recognised as AEC building blocks.

The Abuja Treaty's integration strategy sets out a programme that reflects what is commonly described as the market integration model. This programme is to be effected over a lengthy transitional phase which, however, is not to exceed a cumulative period of 40 years. The Abuja Treaty relies on the RECs to provide the foundation for the establishment of the Economic Community with the AEC playing a coordinating role. In January 2012, the African Union (AU) Summit adopted a decision<sup>2</sup> and a declaration<sup>3</sup> that reflected the strong political commitment of the African leaders to accelerate and deepen the continent's market integration, and agreed on a roadmap for establishing the Continental Free Trade Area (CFTA) by the indicative date of 2017.

The *"Declaration on boosting intra-African trade and the establishment of the CFTA"* adopted on 30 January 2012 "called on member states, RECs, and development partners to adopt the necessary measures toward the effective implementation of the AU Action Plan<sup>4</sup>.

Furthermore, the AU Assembly launched the CFTA negotiations, with an indicative plan to conclude them by December 2017. The creation of a single continental market for goods and services, with free movement of business people and investments, would help bring closer the continental customs union and African common market and turn the 54 single African economies into a more coherent large market. The larger, more viable economic space would allow African markets to function better and promote competition, as well as resolve the challenge of multiple and overlapping RECs, helping to boost inter-REC trade. Moreover, the CFTA could provide a more conducive environment for industrial diversification and regional complementarities than is currently viable under the existing individual country approach to development.

## II. The case for fast-tracking the CFTA in line with Agenda 2063 and the First Ten year implementation plan

In line with Aspiration 2 of the AU Agenda 2063, the First Ten Year implementation plan will work towards fomenting an integrated and politically united continent, based on the ideals of Pan-Africanism and the vision of Africa's Renaissance, through accelerating progress towards regional integration for sustained growth, trade, exchanges of goods, services, and free movement

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<sup>1</sup> Arab Maghreb Union (UMA), Common Market for Eastern and Southern Africa (COMESA), Community of Sahel-Saharan States (CEN-SAD), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), Southern African Development Community (SADC)

<sup>2</sup> Assembly/AU/Dec.394(XVIII)

<sup>3</sup> Assembly/AU/Decl.1(XVIII)

<sup>4</sup> A document produced during the AU trade Ministers' meeting in December 2011 detailing priority action clusters to address obstacles to increasing intra-African trade

of people and capital. Towards this end, efforts by African countries and regional and sub-regional organizations will focus on: (i) establishing a United Africa; (ii) fast-tracking of the CFTA; (iii) improving connectivity through newer and bolder initiatives to link the continent by rail, road, sea and air; and (iv) developing regional and continental power pools, as well as harnessing ICT. The broad spectrum of the proposed road map is set against the backdrop of two key principles or concepts, namely: to fast track and therefore being ambitious” and “to draw from and build upon existing progress already made.

The role of regional and sub-regional organizations in advancing the African integration agenda cannot be over-emphasized. Significant progress was made by the AU and RECs in championing regional integration, including through the launch on 10 June 2015 of the Tripartite Free Trade Area covering 26 countries that are members of three of Africa’s major regional economic communities—the Southern African Development Community (SADC), the East African Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA), and which account for more than half of the continents’ population and GDP. This milestone should serve as a launching pad for the establishment of the CFTA.

Fast-tracking the establishment of a CFTA is critical and timely as it will, among other things, facilitate boosting productive capacities and Intra-African trade and harnessing the potentials of trade as an engine of inclusive growth and sustainable development. It is worth noting that between 2000 and 2010, the creation of the COMESA FTA led to a six-fold increase in intra-COMESA trade. The realization of the Tripartite (COMESA-EAC-SADC) FTA is expected to give additional impetus for increasing intra-African Trade. The continental FTA will build on these existing successes and promote the development of regional value chains and contribute to development of productive capacities in Africa, thus boosting agriculture, food security and industrial exports as well as improving real income and employment.

Furthermore, the CFTA will help to enhance resilience of African economies to external shocks; improve competitiveness of Africa’s industrial products through harnessing the economies of scale of a large continental market; increase the depth and breadth of diversification through geographically based specialization and transformation of the continent’s capacity to supply its import needs from within Africa; and boost food security through reduction of the rate of protection on trade in agricultural produce among African countries.

However, significant challenges remain in deepening regional integration, particularly in the critical areas of infrastructure development and industrialization which continue to present main bottlenecks that constrain progress. The Dakar Agenda for Action, adopted at Dakar summit on infrastructure financing was an expression of an African collective response to the infrastructure deficit. The Agenda aims to mobilize investment towards infrastructure development projects, starting with 16 bankable projects identified from the priority action plan of the Programme for Infrastructure Development in Africa (PIDA).

In the same vein, promoting efficient utilization of natural resources endowments and enhancing value addition and industrialization so as to move up the value chain are inextricably linked to regional integration. While the share of manufacturing accounted for 42.6% of intra-Africa trade during the period 2007-2011, it did not exceed 13% in Africa’s extra-regional trade<sup>5</sup>. In the same vein, intra-Africa trade as a share of world trade has always been higher among African countries that are non-fuel exporters (16.3%) than among fuel exporters (5.7%). Efforts

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<sup>5</sup> Economic Development in Africa Report 2013, UNCTAD.

to enhance productive capacity and promote industrialization are crucial for advancing regional integration and the establishment of the African Economic Community. It is noteworthy that in 2007 the Conference of AU Ministers of Industry developed a Plan of Action for Africa's Industrialization that was endorsed by the Heads of State during the 2008 Summit dedicated to Africa's industrial development.

The renewed recognition by African governments of the importance of industrialization for structural economic transformation, diversification of African economies, job creation and regional integration as reflected in the African Common Position on the post-2015 development agenda and the AU Agenda 2063 is a step in the right direction. Policy prescriptions for effective industrial development strategies are available in the reports of the NEPAD Agency, ECA and UNIDO among others, including the 2013 Economic Report on Africa on *Intra-African Trade: Unlocking Private Sector Dynamism*, and the 2015 Economic Report on Africa on *Industrializing through Trade*. The report on Intra-African Trade calls for a new approach to regional integration, referred to as “developmental regionalism” which is, encompassing cooperation among countries in a broader range of areas than just trade and trade facilitation, to include; investment, research and development, as well as policies aimed at accelerating regional industrial development and regional infrastructure provision, such as the creation of “development corridors.”

Now, the onus is upon African governments to implement these policies and strategies while taking into account national contexts and comparative advantages. Towards this end, the productive capacities of African economies must be enhanced so that they can produce a wider range of sophisticated goods that they can then trade with one another – a process that economists call expanding productive capacity. Regional industrial policies are therefore an important tool for developmental regionalism. African countries need to coordinate their national industrial policies around regional industrial policies in order to build complementarities in what can be produced and traded within Africa.

Though member states have the sole mandate to negotiate and agree to international trade agreements, regional and sub-regional organizations, including the RECs can play an important role in facilitating the negotiations and building national level capacity and ownership, especially if the structure is to build on the Tripartite FTA already established between the EAC, COMESA and SADC, and the ECOWAS and ECCAS FTAs, respectively.

### III. Purpose of the High-Level Panel

Building on the official launch of the negotiations in June 2015, to highlight progress made towards regional integration in Africa and support the ongoing efforts to fast-track the CFTA, the United Nations Office of the Special Adviser on Africa (OSAA), within its advocacy and coordinating mandate, will convene a High-level event in collaboration with the African Union Permanent Observer Mission to the United Nations, the African Union Commission, the NEPAD Planning and Coordinating Agency (NPCA), the UN Economic Commission for Africa (ECA), and the United Nations Department of Public Information (DPI).

### IV. Overall Objective

In the context of the African Union Agenda 2063 and its First Ten Year implementation plan, the proposed meeting will focus on highlighting progress made towards regional integration, challenges, and the role of the international community in supporting Africa's integration efforts. The event will particularly highlight the 10 June 2015 launch of the Tripartite Free Trade Area as

the first step towards the achievement of the Continental Free Trade Area envisaged by Agenda 2063 and its first 10-Year Implementation Plan. In addition to featured speakers, the event will provide an opportunity for engaging with Permanent Representatives of UN Member States and other relevant stakeholders to share their views.

V. Specific objectives

1. Assess progress, opportunities and challenges in establishing the CFTA.
2. Draw out relevant lessons and best practices from current status in the implementation of the CFTA, particularly in light of the progress made in the Tripartite FTA (TFTA), between COMESA-EAC-SADC as well as, progress in individual RECs across the continent.
3. Aim to identify concrete recommendations that would greatly contribute towards fast-tracking the CFTA, particularly through the role of RECs.
4. Draw recommendations and linkages on how regional integration can contribute towards Africa's structural transformation through increased intra-African trade.
5. Seize the opportunity to build and renew partnerships among stakeholders, governments, and international partners with the intention to facilitate the fast-tracking and establishment of the CFTA.

VI. Guiding Questions

- a. How can the African Union and the RECs support regional integration through more progress in market integration, infrastructure development and industrial development?
- b. What are other measures that African regional and sub-regional organizations can take to further facilitate trade among African countries?
- c. What are the implications of the developments in the multilateral trading system for the efforts to establish the CFTA?
- d. How can we strengthen the role and capacity of the private sector in Africa to facilitate developmental regionalism and expand regional cooperation amongst African countries?
- e. What specific steps should be taken to build economic linkages among African economies in specific sectors of activity to facilitate developmental and transformational regionalism?
- f. How can ongoing global development blueprints, including the post-2015 development agenda and the Addis Ababa Action Agenda, particularly key deliverables such as the global infrastructure forum be harnessed to support the implementation of the AU Agenda 2063 towards deepening regional integration in Africa?

VII. Expected output

- A summary report on the proceedings with actionable recommendations.
- An advocacy strategy by the United Nations system to popularize the ongoing efforts by the African Union and its RECs to fast-track and establish the CFTA.

- The identification of key areas where the international partners can contribute to establishing the CFTA.
- Increased understanding on how to transform African economies through regional integration and boosting intra-African trade.

#### VIII. The Way forward

The African Union and African governments should work assiduously towards concluding the negotiations of the CFTA in order to deepen market integration within the African continent thereby facilitating sustainable economic growth, employment generation, and poverty alleviation, inflow of foreign direct investment, industrial development, and better integration of the continent into the global economy.

Moreover, OSAA will use the outcome of this High-level meeting to advocate for an integrated Africa which could bolster economic diversification and intra-trade within the continent. According to ECA estimates, the CFTA could increase intra-African trade by \$35 billion, or 52% above the baseline, by 2022, which, currently stands at 12 percent of total trade, compared to 60 percent for Europe, 40 percent for North America, and 30 percent for ASEAN, according to WTO figure. Imports from outside of the continent would decrease by \$10 billion per year, and agricultural and industrial exports would increase by \$4 billion (7%) and \$21 billion (5%) above the baseline, respectively. If coupled with complimentary trade facilitation measures to boost the speed and reduce the cost of customs procedures and port handling, Africa's export volumes to the rest of the world would increase by 6% with the CFTA.

#### IX. Format

Moderated by the Special Adviser on Africa, the High-level meeting will comprise of an opening segment, to be followed by a High-level substantive segment and a closing session.

The High-Level Panel will feature a keynote address by the United Nations Secretary-General (TCB), the President of the 70<sup>th</sup> Session of the UN General Assembly; the Chairperson of the African Union Commission (AUC); the Permanent Representative of the Republic of Sierra Leone to the United Nations and Chair of the African Group for the month of October; the AU Commissioner for Economic Affairs; the AU Commissioner for Trade & Industry; the Secretary-General of the Common Market for Eastern and Southern Africa (COMESA); the CEO of the NEPAD Agency; the President of the African Development Bank; and the Under-Secretary-General and the Executive Secretary of the Economic Commission for Africa (ECA).

The High-level substantive segment, moderated by H.E. Mr. Vandi Chidi Minah, Permanent Representative of the Republic of Sierra Leone to the United Nations, will follow. The closing session will include remarks by the UN co-organizers; the African Union Commissioner for Trade and Industry; the AU Commissioner for Economic Affairs; the Chief Executive Officer for the NEPAD Agency; the Secretary-General of the Common Market for Eastern and Southern Africa (COMESA); and the Under-Secretary-General and Special Adviser on Africa.

#### X. Participants

Participants will include the African Permanent Representatives based in New York and high level officials from the African Union Commission, the African Development Bank and the United Nations System. As the meeting will highlight progress towards regional integration,

representatives from the African Regional Economic Communities will be invited to participate. As the NEPAD Agency is the technical arm for the implementation of Agenda 2063, and its First Ten Year implementation plan, high level participants will be invited to attend. Representatives from academia, the civil society, private sector and the Diaspora will also join in the discussions, as appropriate.

XI. Co-organizers

The United Nations Office of the Special Adviser on Africa, in collaboration with the African Union Permanent Observer Mission to the United Nations, the African Union Commission, the NEPAD Planning and Coordinating Agency (NPCA), the UN Economic Commission for Africa (ECA), and the United Nations Department of Public Information (DPI).

XII. Venue and Date

The High Level meeting will be held at the **United Nations Headquarters (ECOSOC Chamber)** on **Monday, 12 October, 2015**.