

**Opening Statement - H.E Fatima Haram Acyl, African Union
Commissioner for Trade and Industry, at the opening of the First
CFTA Negotiating Forum Meeting - 22/02/2016**

Distinguished Delegates

Partners

Ladies and Gentlemen

It is my pleasure today to address this very important meeting. It is the very first meeting of the Continental Free Trade Agreement Negotiating Forum, set up under the authority of the Heads of State and Governments to negotiate the African Continental Free Trade Area.

The establishment of the Continental Free Trade Area is aimed at integrating Africa's markets in line with the objectives and principles enunciated in the Abuja Treaty, establishing the African Economic Community. Heads of States have further mandated us to conclude this negotiations by 2017.

The first CFTA Negotiation Forum is commencing with a two day workshop as mandated by the adopted indicative roadmap for the negotiations. This two day workshop will include presentations on key studies that have been conducted in the past on the establishment of

the CFTA as well as presentations on capacity building and perspectives from key partners.

The African Union Commission recognises the importance of technical and capacity building for the Member States to be able to effectively engage in the CFTA negotiations. This is why last year, the AUC organised two Training sessions for trade in services, the first was held in Nairobi, Kenya and the second in Dakar, Senegal. We have received positive feedback from Members and we look forward to organising more training sessions along with the negotiations.

Let me take this opportunity to express my appreciation for the various partners that have been working with us in this regard, UNCTAD, TRALAC, UNECA, WTO and DFID through Trade Advocacy Fund.

In the same vein let me also express my appreciation for the assistance that the Commission has received and continues to receive from various partners including the EU, GIZ , USAID, DFID, Sweden.

Let me also recognise the efforts that you a s member states have deployed to make the CFTA a reality, this year alone, we have received US \$3 million towards the CFTA special project. This is a demonstration of your commitments and ownership of this important process.

On Wednesday, we will have the formal session of the CFTA Negotiation Forum which will be primarily focused on the adoption of the Rules of Procedure that will guide these negotiations.

It will be important that as you consider these rules, you give guidance on how the private sector and civil society can be involved in the CFTA process. At the end of the day, they are the beneficiaries of the establishment of the CFTA.

Distinguished Delegates, Ladies and Gentlemen

It is important for us however, to remember the economic context that has created the need for the establishment of the CFTA. Many of Africa's 54 countries are small, with populations of fewer than 20 million and economies of less than \$10 billion. 12 African states had a population of less than 2 million, and 19 had a GDP of less than \$5 billion in 2008. National markets are therefore too small to justify investments, since both adequate supply of inputs and sufficient client bases (demand) remain too expensive or out of reach. The establishment of a continental Free Trade Area in particular will create a single market for goods and services in Africa of over a billion people and a GDP of over 3 trillion dollars providing a good reason to invest in Africa.

Mckinsey estimates that consumer spending in Africa will rise from USD 860 billion (2010) to USD 1.4 trillion (2020) and thus potentially lifting millions out of poverty. As Trade Negotiators, let us position our continent to take advantage of the trade and investment opportunities that will result from these positive developments. The United Nations Economic Commission for Africa (UNECA) calculates that the CFTA could increase intra-African trade by as much as \$35 billion per year, or 52 percent above the baseline, by 2022. If coupled with complimentary trade facilitation measures to boost the speed and reduce the cost of customs procedures and port handling, the share of intra-African trade would more than double over the baseline, to 22 percent of total trade by 2022.

As we discuss the CFTA, it is imperative to consider how we can boost our intra-African trade in manufactured and intermediate goods. This requires accelerating Industrialization through promotion of regional value chains. For this to happen we need to build our domestic industries productive capacities and technological, capabilities through regional value chains by giving focus on 5 key areas: infrastructure, trade facilitation, Rules of Origin, trade Finance and Quality Infrastructure.

In addition, we need to prioritise the strategic Industrial sectors where we have comparative advantages and have growth potential

particularly in areas such as Agro-Industry, Mining, Pharmaceutical-Industry and SME's.

Beyond these economic realities however, there are also the happenings at the global and multilateral level that have a direct impact on the establishment of the CFTA. For example, the challenges with the WTO have severely limited the ambitions that are achievable in the context of the Doha Round of Negotiations and possibly other future Rounds of negotiations. In addition, the emergence of Mega Regional Trade Agreements continue to threaten Africa's market access in established markets - severely diminishing the value of preferences such as AGOA and EBAs, and it appears that this trend will continue to accelerate.

What does this mean? It means that Africa's destiny is once again in its own hands. While we may not be able to control what happens at the WTO or in the MRTAs, what we make of the CFTA is entirely in our hands. Ladies and Gentlemen, as the Chief Trade Negotiators of our countries - we have been entrusted with this historic and highly important task. We have a chance to make a real difference. I urge us to approach this task with a sense of history and deep commitment. What we decide in the context of these negotiations will have an impact on untold generations of Africans to come.

Distinguished participants, Ladies and Gentlemen

These are the few words that I will share with you at this moment as there will be several opportunities for us to engage further on these issues throughout the week. I thank you for your kind attention and I wish us a fruitful deliberation.