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**Creating One African Market**

Opening Statement Delivered by the African Union Commissioner for Trade and Industry, Ambassador Albert MUCHANGA at the 2018 Tralac Annual Conference Held Under the Theme:

**The AfCFTA-Opportunity for Africa**

**Chairperson, Mr. George Lipimile;**

**Cooperating Partners;**

**Executive Director of TRALAC, Dr. Trudi Hartzenberg;**

**Conference Participants;**

**Ladies and Gentlemen:**

Good morning.

This is the second time that I am attending the **Tralac** Annual Conference.

I am very happy to be with you.

I also greatly appreciate your acceptance that we hold this Conference here in Kigali instead of Addis Ababa so that we maximize on time.

I further encourage Tralac to endeavor to hold its annual conferences outside Southern Africa as much as possible so that you become more exposed to a broader base of Africans.

When we met last year, we were still in the thick of negotiation of legal instruments establishing the African Continental Free Trade Area (AfCFTA).

We witnessed history being made yesterday when the legal instruments were signed and the African Continental Free Trade Area was launched.

We started the journey of creating one African market.

The task now is to make it work.

To achieve that, we need determination and resilience.

The skeptics are many.

Some of those think that intra-African trade is in commodities and wonder how we are going to trade among ourselves when we produce similar commodities.

They get surprised when they are told 42% of intra-African trade is currently in manufactured products and that the new market will promote value addition through development of value chains.

Others think the decision by eleven member states not to sign the Kigali Consolidated Text of legal instruments yesterday was a huge blow to the project of the AfCFTA. They get surprised when they are told that these member states are still undertaking stakeholder consultations and many of them will be ready to sign on by July this year when the regular Summit convenes in Mauritania.

This skepticism is not new.

At the launch of the negotiations in 2015, our skeptics did not believe we could bring into existence the AfCFTA because it was too ambitious.

The tune changed during the negotiations to either calling the AfCFTA project a folly or being accused of moving too fast,

We leave afro-pessimism to the skeptics.

With determination and optimism, we were, and are, not worried about these skeptics.

We are determined to create the Africa we want with confidence.

**Chairperson;**

**Executive Director of TRALAC**

**Conference Participants;**

**Ladies and Gentlemen:**

The theme says it all: **The AfCFTA-An Opportunity for Africa.**

It is a grand opportunity. It is a historic opportunity.

Creating one market unleashes huge economies of scale which offer an equally huge incentive for business to locate in Africa.

A market of about 1.2 billion people, in which there is a growing middle class is a magnet for investment, consumption and strong economic growth.

When we add to this, the Single Air Transport Market launched in January this year and the Protocol on Free Movement of People, Right of Residence and Right of Establishment opened for signature yesterday, our new market becomes more attractive.

It is not yet a single market. It will take time and hard work to achieve that. Yesterday, we laid a firm foundation for its eventual emergence.

The key question is, what are the specific opportunities created by the birth of the AfCFTA?

There are many. We can only make a sample here.

First, the AfCFTA has opened opportunities for continuous engagement between the public and private sector. Both the Afro-champions Initiative and the Pan African Chamber of Commerce and Industry adopted the AfCFTA as their number one priority.

We have also started on a good note by involving the private sector in the AfCFTA project right from the beginning when they invited us to their meetings to update them on progress in the AfCFTA negotiations.

The high point of this new partnership was the AfCFTA Business Forum.

Some of you were in the AfCFTA Business Forum yesterday. You will agree with me that African business responded positively both in

attendance and their resolve to make this partnership endure and produce tangible results.

We also plan to make our engagement with the private sector an enduring partnership because we critically need to leverage the power of business to drive Africa's integration. We require the private sector to invest in this large market and generate jobs, prosperity and decent living standards.

**Chairperson;**

**Executive Director of TRALAC**

**Conference Participants;**

**Ladies and Gentlemen:**

Trade Agreements, by their nature, are not self-executing. The limitless opportunities offered by the AfCFTA will remain potential benefits as long as they are not acted upon or if we exhibit weak commitment to execute them.

The onus is, therefore, first and foremost, upon member states to carry out awareness campaigns on the benefits that are being brought about by the AfCFTA. Both the African Union Agenda 2063 and United Nations Sustainable Development Goals are about inclusiveness. Promoting broad-based stakeholder consultations and winning over constituencies is a step in the right direction in promoting inclusiveness. In quite a good number of cases, governments tend to overlook national consultations as a critical component of negotiating and concluding deals. The AfCFTA hence offers a good opportunity for governments to involve citizens and other stakeholders in trade policy formulation and implementation.

I said earlier that this project will work with our determination on all of us to make it work. We hence have the opportunity to test our resolve to make the AfCFTA work.

The next task before us is to facilitate rapid ratification of the Consolidated Kigali legal instruments establishing the African Continental Free Trade Area. The Leader of the AfCFTA Process, His

Excellency Mahamadou Issoufou called on his peers to make the legal instruments enter into force within a year. The AfCFTA Country Index developed by the United Nations Economic Commission for Africa will also help us in not just quick ratification but substantive implementation of the Kigali Consolidated Text of legal instruments and the work programmes to emerge from there but also provide annual status reports on the state of play on country by country implementation.

On our part as African Union Commission, we shall embark on an advocacy campaign in several ways. We will work with the International Trade Centre to publish a **Business Guide to the AfCFTA** and roll it out to stakeholders, especially business, through workshops. We will also commission AfCFTA advocates from both the public and private sectors to visit all regions of Africa to advocate for speedy ratification.

May I also add that as the African Union Commission, we have taken the initiative, in collaboration with the African Export Import Bank and the Government of the Arab Republic of Egypt to hold the First Intra-African

Trade Fair in Cairo, Egypt from 11-17<sup>th</sup> December, 2018. We used to have All-Africa Trade Fairs from the early years of the independence of African countries to the 1980s. These could not be sustained because they failed to generate trade deals among buyers and sellers. With the creation of the AfCFTA, we think this new platform will greatly contribute to the growth of intra-African trade and business to business transactions.

As I speak now, there is a meeting of the Advisory Council of the Trade Fair to map out activities around boosting intra-African trade through the Intra-Africa Trade Fair.

Still on the issue of testing our resolve to deliver on the promise of the AfCFTA, let me say that there is a lot of outstanding work with respect to the remaining AfCFTA legal texts.

The Annex on Rules of Origin remains un-finalized, as member states continue debating on whether simple or complex rules will meet their industrialization agenda.

There is also some outstanding work with respect to identification of priority sectors to be submitted under the Protocol on Trade in Services.

Our expectation is that member states will summon the will to build momentum attained yesterday and reach consensus on these and other outstanding issues.

**Chairperson;**

**Executive Director of Tralac;**

**Conference Participants;**

**Ladies and Gentlemen:**

The last meeting of the African Union Ministers of Trade approved the AfCFTA Transitional Work Programme.

The schedule of work has been tailored around the following:

- Sensitization of the business community on benefits of the AfCFTA.
- Coordination of the rapid ratification of the AfCFTA Agreement;

- Practical application of the tariff liberalization modality on the designation of Sensitive Products and Exclusion List;
- Identification of priority sectors in the Services negotiations; and,
- Mapping Way Forward with Respect to Phase 2 of the AfCFTA Negotiations

I already outlined what is expected with respect to sensitization and fast-tracking ratification. For the other issues as well, must summon common resolve to deliver on time and in full.

**Chairperson;**

**Executive Director of TRALAC**

**Conference Participants;**

**Ladies and Gentlemen:**

As researchers, you are fully aware that trade agreements go beyond tariff reductions in goods, and liberalization of trade in services. Modern day trade agreements incorporate new issues such as competition, intellectual property rights, investment, among others. These are the

future areas of negotiations during the next months. The upcoming negotiations give us to lay a firmer foundation for creating a competitive, harmonized and fair market. The ordinary people will benefit from this market through lower prices, among other benefits.

You may also recall that the AfCFTA is only a part of the broader agenda under the programme of action on Boosting Intra-African Trade (BIAT), and Agenda 2063.

BIAT is developmental integration work-plan with concrete targets to double intra-African trade flows from January 2012 and January 2022.

With the signature of the Kigali Consolidated legal instruments, we now have the opportunity to roll out a series of work programmes under BIAT with respect to trade policy, trade facilitation, productive capacity, trade related infrastructure, trade finance, trade information, and factor market integration.

As already stated, we are working with the African Export Import Bank to convene the First Intra-African Trade Fair.

We are also working with the International Trade Centre to establish the ~Pan-African Trade Observatory. The Pan- African Trade Observatory will provide timely trade statistics such as directions, patterns and commodity compositions of intra-African trade; and, more critically to business, information on Rules of Origin, tariff levels and structures, non-tariff barriers, trade regulations and technical standards; among others.

The establishment of the AfCFTA also gives us the opportunity to develop quality infrastructure across Africa. Quality is key to establishing and sustaining competitiveness. We will, in this respect, enhance the process of developing Africa's Quality Infrastructure institutions dealing with standardization, metrology (measurement systems), and quality assurance. Issues of standards harmonization and facilitation of mutual recognition of conformity assessment results on the continent are already being dealt with. We will also reverse the use of quality and technical standards as non-tariff barriers in this programme.

I will conclude by saying that Tralac research teams have been tracking our progress in the AfCFTA negotiations and greatly helped the process.

Going forward, we expect you to also embark on tracking our efforts as we embark on making the AfCFTA work and deliver tangible results .

You have a role to play in ensuring that we do not miss this opportunity.

This Conference is one among other platforms that you have to contribute to the creation of one African market.

I look forward to successful deliberation.

I thank you all for your kind attention.