

THIRD WORLD NETWORK-AFRICA
Multi-Stakeholder Consultation on AfCFTA
June 12-14, 2018 Accra, GHANA

SUMMARY OF DISCUSSIONS AND CONCLUSIONS

1. The Africa-wide multi-stakeholder consultation on the African Continental Free Trade Area (AfCFTA) brought together over 40 participants from across Africa for three days of rich and diverse discussion on the agreement adopted by African Heads of State and Government in Kigali, Rwanda on March 21, 2018. The participants included officials from national governments, from the regional economic communities (RECs), the Africa Union Commission, private sector operators, trade unions and other labour-related organisations, farmers groups, women's organisations, and non-governmental organisations.
2. Keynote addresses were made by Dr Yao Graham, Co-ordinator of Third World Network-Africa (TWN-Africa) and Ms Treasure Maphanga, Director of Trade and Industry, AUC represented by Mr. Million Habte. In his address, Dr Graham noted that even though the AfCFTA represents long-standing aspirations for Africa's integration, there are fundamental concerns raised by African citizens with regard to the substance of the agreement and its processes, and hoped the meeting would be one of many occasions to discuss these concerns. The Director underscored the fact that even if the AfCFTA is a member-state driven process, CSOs and the AUC can work together on many issues during negotiations as well as in the process of ratification and implementation of the agreement.
3. The three days of discussion situated the AfCFTA and its framework agreement in the long standing African aspirations for, and traditions of engagement around, continental integration, and explored the extent to which the AfCFTA takes these forward, as well as the challenges that need to be addressed. The discussions were informed by the preliminary conclusions of studies commissioned by TWN-Africa on the implications of the AfCFTA agreement for the sub-regions and economies of Economic Community of West African States (ECOWAS), the East African Community (EAC) and the Southern African Development Community (SADC). There was additional input from a representative of the Economic Community of Central African States (ECCAS). These were complemented by comments from government officials from some countries in the respective regions, as well as by the perspectives of private sector groups, trade unions, women's groups and other civil society organisations. What follows is a summary of these discussions and the conclusions drawn.
4. There is no doubt about the commitment of the African people to Africa's economic integration as part of the process of the structural transformation of Africa's economies for an equitable development that meets their needs and aspirations. The AfCFTA offers an opportunity to take the agenda of integration forward. However, for this integration agenda to be realised, the terms and conditions offered must be appropriate to the imperatives of the continent's structural economic transformation. Otherwise, the AfCFTA would instead be a step backwards.
5. From this perspective, the discussions reflected on the content of the AfCFTA agreement as adopted, in particular on the provisions of the protocols relating to the trade in goods and on trade in services, as well as on the processes adopted towards ratification and implementation of the agreement, including further negotiations envisaged for protocols on investment, intellectual property and competition policy.
6. It is the view of the meeting that the overall challenge of the AfCFTA framework agreement lies in the interface between the terms of the protocols already adopted and the other policies and initiatives that already exist and those that need to be put in place to build productive capacities in the domestic

economies, and to ensure that domestic producers, traders, workers, farmers, and other operators within the Africa's economies are the main beneficiaries and engines of Africa's transformation. Some of those policies and initiatives already in place include such continent-wide policies such as the African Mining Vision (AMV), the Comprehensive African Agriculture Development Programme(CAADP), the Accelerated Industrial Development for Africa (AIDA) and the Action Plan to Boosting Inter-African Trade (BIAT) as well other continent wide and regional level policies related to infrastructure such as energy, transport, finance among others.

7. In talking about appropriate interface, the meeting was NOT calling for these related policies to be included as part of the terms of the protocols already adopted on trade in goods and services. Instead participants were concerned that the terms of the protocols on goods and of services do not contain the appropriate flexibility or space that would enable the kinds of actions needed to be taken in those other related policies. Where such flexibilities exist, other technical policies and conditions as well as commitments compromise their use. More importantly, the terms of the protocols are more likely to constrain the related policies meant to enable domestic producers and other economic operators, especially the more vulnerable and fragile to benefit from continent wide trade liberalisation. The worry therefore is that, if this is not addressed, the provisions of protocols as they stand are more likely to work to the benefit of the stronger and more diversified economies in Africa, as well the stronger economic operators, both African and foreign, in economies across Africa.

8. In the specific area of trade in goods, a number of concerns were expressed. Prominent among these is the decision to remove all tariffs on 90% of imported products, and thereby leaving 10% for the protection of sensitive and/or strategic sectors or products. Participants are concerned that this is not adequate to afford the necessary space and support to a wide-range of smaller and medium domestic enterprises as well as those operating in relatively more difficult circumstances which need space to develop their capacities to compete against bigger and relatively more endowed operators from other countries. (This is in spite of the cautionary note by some participants that a 10% margin for sensitive products may have the effect of not facilitating intra-African trade as a small percentage of exclusion could curb a significant amount of trade).

9. Furthermore, participants have been aware of the availability of safeguard measures in the protocol on trade in goods. But experience with these safeguard measures, as well the levels of capacity in Africa to apply these safeguard measures, suggest that these are not appropriate to deal with the challenges at stake.

10. In the light of the above, it is important to re-examine the tariff liberalisation threshold, as well as the time for the start of the implementation of these tariff concessions, in order to ensure adequate space and preparatory time. It is equally important, furthermore, that the actual process of exchanging tariff concessions is done with clear focus on how the 10% allowed for sensitive products and the exclusion list can be composed so as to yield optimal space and support for the vulnerable and strategic sectors.

11. In this regard, participants are concerned that a number of uncertainties can frustrate this process. One of these relate is whether negotiations of tariff concessions will involve individual countries or the regional economic communities. This uncertainty is of special concern as the RECs are already advanced in having common tariff postures in addition to other advances in their regional integration processes. It is the view of the participants the RECs are a better platforms for such detailed negotiations than the individual member countries and should thus assume a more prominent role in these negotiations.

12. Beyond the question of tariffs, there are issues relating to the annexes on Rules of Origin, Standards, and Sanitary and Phytosanitary Standards (SPS). In these areas, participants are concerned that the nature of rules should be of such flexibility as to provide for Africa-wide access for African enterprises, but at the same time robust enough to defend against non-African products and enterprises. Thus creativity in

formulation of these rules is important as against simply copying rules from other countries and economies.

13. In the light of such a range of complex issues that need to be resolved at national and regional levels for the tariff issues to be addressed in an optimal manner, participants expressed further concern with the short time frame expected for the tariff concessions to be carried out, as well as with the limited space for other stakeholders to participate in the process.

14. In relation to trade in services, participants recognise the importance of services sectors such as infrastructure, finance, energy to Africa's integration and economic development. At the same time, however, they are of the view that there are other and more sustainable approaches to providing these essential and strategic needs than through liberalisation of trade in these areas, and the attraction of foreign investment.

15. Furthermore, in the areas that have been determined as priority for liberalisation of trade in services, it is not clear whether countries have determined these areas because of the capacity of their own service providers to supply those services competitively, or whether this is in expectation of foreign providers to build domestic capacity. Decisions of the Heads of State and Government of Africa on the Action Plan to BIAT which were pointed out as providing a guide to the rationale for choosing these sectors do not address this ambiguity, especially as those decisions only highlight the importance of those sectors for Africa's development and do not necessarily imply liberalisation as the only means for meeting these priorities. Thus the ambiguity signals a confusion of motives that need to be clarified in order for more reasoned evidence-based decisions to be taken.

16. Participants are also concerned that due to decades of structural adjustment programmes, and the extensive autonomous liberalisation of services undertaken in many African countries, most of the services sectors of these countries, and especially those selected as priority for action, are dominated by foreign non-African suppliers. This could imply that the further liberalisation of services will serve to spread the dominant positions of these suppliers across Africa, to the likely detriment of domestic and national providers. This is even more likely as the measures contained in the protocols that are meant to ensure the African origins and qualification of service providers does not provide adequate means, if any, to differentiate on economic grounds service providers which are non-African. This could facilitate financial and other resource outflows from Africa rather than their reinvestment in African economies.

17. There are also issues of availability of data and basic information to compose an actual profile of the service sector, the types of operators, their interlinkages with strategic sectors of the economies, etc, so as to inform reasoned decision as to what kinds and levels of commitments to make in relation to which sectors.

18. In this regard, participants are again concerned with the short time-lines within which further steps are expected to be undertaken in relation to the protocol on services. More time is needed for the necessary action at national and regional levels to prepare a meaningful engagement and adoption of optimal measures.

19. A range of cross-cutting issues were also discussed. One of the most prominent relates to special and differential treatment. Participants noted the extent to which the conception of SDT adopted have followed in the footsteps of the WTO and other global trade-regimes in narrowing the concept away from differential and more favourable treatment developed and applied under UNCTAD prior to the WTO. In that earlier conception, countries with different capacities adopt different types and levels of obligations and stronger economies undertook to support the weaker ones. By contrast, in the more narrow form as now applied, all countries in spite of their strengths are expected to assume essentially the same obligations and only have different time periods in which to implement them. Participants

wondered whether, given the peculiarity of African conditions, the former conception is not more appropriate. It was also pointed out that experience shows that extended implementation period alone has not been effective in elevating the status of LDCs to the required level. At the same time, participants are aware that the SDT should not be a tool which ends up creating essentially different tracks for different countries. In this regard, a further concern is how the SDT provisions in the AfCFTA can be aligned with those in the RECs for optimum benefit.

20. Participants drew attention to developments outside Africa such as Brexit, as well as to commitments made by African countries to third parties such as to Europe under the Economic Partnership Agreements (EPA). As these can serve to complicate and undermine what ever positive elements could be attained under the AfCFTA, it is necessary that the AfCFTA should be an opportunity to review these developments and also re-open the EPAs for revision.

21. In addition, participants agreed on the need for a stronger recognition that trade and development policies are gendered in their nature, implications and impacts, in much the same ways as these policies differently affect groups in society in terms of class and other power-based relations. Therefore all proposed measures and policies must be assessed in terms of their implications for these gender and other power-based social imbalances and the means necessary for addressing them.

22. A number of proposals were explored to address some of these challenges discussed above. Some of these include:

- a) the enhanced role for the RECs in the further negotiations in relation to the protocols on goods and services as well as proposed negotiations on other issues; at the same time, national level consultations should be better structured and strengthened for more effective input into the role of the RECs;
- b) a proper sequencing of the decisions on tariff concessions, and in particular their implementation, with national and regional policies and strategies so as to enable optimum benefit to African economies and their citizens in the various roles in the economy;
- (c) the need for proper studies at national and regional levels on the proposed issues and measures to inform negotiations;
- (d) an audit of the policies in place, especially in the area of services as well the profile of service providers, national and foreign, African and non-African
- (e) better recognition for and the inclusion of informal trade in the negotiations;
- (f) conscious and systematic provision of information to citizens about AfCFTA processes and substance by governments, the RECS and the AUC;
- (g) the necessity for a structured mechanisms for the systematic and effective participation by all stake-holders, including civil society organisations, the private sector and the RECs in the further processes of the AfCFTA going forward. These mechanisms should operate from national, regional to continental levels, and should make special effort to include the women's groups, farmers, workers, small and medium enterprises, national and domestic producers and other strategic as well as other more vulnerable socio-economic constituencies.

23. Above all participants recommended there should be a pause in the pace of the AfCFTA agenda for stock-taking. The ambitious pace set by Heads of State and Government who in 2012 instructed officials to achieve a CFTA by the indicative date of 2017 has already produced a number of hasty decisions and incoherencies. Therefore before the next stages, it is important to pause to take stock and assess the actual measures in place in Africa at national, regional and continental levels for the AfCFTA to be meaningful for Africa's structural economic transformation. There should be a relaxation of the August to September 2018 deadlines for tariff concessions, services offer, and further negotiations on the protocols on investment, intellectual property competition policy.

24. The meeting recommended further action in the areas of additional research and studies, information availability and dissemination, networking and capacity building, and to this end committed themselves to working with each other, across nations and with governments and intergovernmental organisation at regional and continental levels.