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Ministry of Finance and Economic Planning



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22nd Meeting of the Intergovernmental Committee of Experts Sub-regional Office for Eastern Africa (SRO-EA)

Concept Note for the Plenary Session: Implementing the African Continental Free Trade Area in Eastern Africa: Moving from Vision to Action

20 – 22 November 2018

Kigali Convention Centre

Rwanda

I. Background

The AfCFTA could open the way to Africa's economic transformation to dynamically-diversified economies. With a combined GDP of \$6.4 trillion (measured in Purchasing Power Parities) and a population of 1.2 billion, the creation of the continental market presents an enormous opportunity to boost intra-African trade, thereby fostering a competitive manufacturing sector and promoting economic diversification. UNECA's assessment of the AfCFTA estimates that, if fully implemented, the value of exports of the Eastern Africa to the rest of the continent would increase by almost a third (31 per cent), with the processed food and manufacturing products being the main beneficiary sectors (UNECA, 2018a). The increased levels of industrialization will also reduce the exposure of African resource-rich countries to the cyclical shocks associated with a dependence on the trade of primary commodities in the international market (UNECA, 2018b).

The realization of the aforementioned benefits requires speedy ratification and effective implementation of the AfCFTA agreement. Despite the signing of the AfCFTA by 44 member states at the extraordinary AU Summit on March 21st 2018, only 8 countries have ratified the agreement. There is a need to achieve at least 22 ratifications by March 2019 for the agreement to go into force. Concerns have been raised by some countries about loss of customs revenue due to the elimination of tariffs on imports. These fears are exaggerated as UNECA's analysis suggest that the tariff losses will be minimal. For the EAC collectively, if the AfCFTA were implemented now, it would result in the loss of only US\$ 187 million USD in tariff revenues. This is equivalent to less than 1 percent of all government revenues. Arguably a small price to pay for such large potential gains. Other countries have raised issues about the impact of the agreement on the local markets and the need to protect the agreement from abuse by third parties.

In fact, a crucial next step is for countries to develop an AfCFTA strategy which is complementary to their broader trade and industrialization policies, along with the identification of key opportunities and current constraints, so as to fully harness the benefits of the continental market (UNECA, 2018c and UNECA, 2018d). Furthermore, it is imperative to "get right" these six key components—non-tariff barriers (NTBs), rules of origin, investment and cross-border movement of persons, services liberalization and regulation, trade remedies, and monitoring and evaluation (AU, ECA and AfDB, 2017). There is also need for complimentary interventions by the private sector and civil society, who will be the true implementers of the AfCFTA.

II. Objectives of the Session

Participants will be invited to provide inputs to the discussion and to review the following questions:

- What is needed to ensure that the critical number of ratifications is reached by the targeted deadline of early 2019?
- What support may countries require during the AfCFTA ratification process?
- How can advocacy and consensus building interventions be designed and targeted?
- Who are the most important stakeholders to consider when conducting sensitization activities?

III. Provisional Programme

Tuesday 20th November 2018

Moderator: Jenerali Ulimwengu, Chairman of the Board of the Raia Mwema Newspaper, Tanzania

Presentation: David Luke, Coordinator, African Trade Policy Centre, ECA

Panel Discussion:

- Soraya Hakizumeremyi, Minister of Trade and Industry, Rwanda
- Fetlework Gebre-Egziabher, Minister of Trade and Industry, Ethiopia
- Amelia Kyambadde, Minister of Trade, Industry and Cooperatives, Uganda
- Peter Munya, Minister of Industry, Trade and Cooperatives, Kenya
- Richard Kamajugo, Senior Director, Trade Environment, TradeMark East Africa
- Prudence Sebahizi, Chief Technical Advisor on AfCFTA, African Union Commission

IV. Participation

The AEGM will gather experts from Eastern African countries, as well as representatives of the private sector, civil society organizations, and other relevant institutions. For further information and clarification, please contact Mr. Andrew Mold, mold@un.org

References

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