



African Continental Free Trade Area: Progress Report May 2016 to October 2018.

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Introduction: Background of the AfCFTA

- African Continental Free Trade Area is one of the flagship projects of the First Ten Year Implementation Plan under the African Union **Agenda 2063 – The Africa We Want**.
- Phase 1 of the AfCFTA negotiations has covered areas of trade in goods and trade in services.
- Phase 2 will cover areas of Investment, Intellectual Property Rights and Competition Policy.
- The institutions involved in the negotiations are the AfCFTA-Negotiating Forum (AfCFTA-NF), Senior Trade Officials (STOs) and African Union Ministers of Trade (AMOT).
- The 1st meeting of the AfCFTA-NF was held in February 2016, followed by the 1st meetings of the STO and AMOT both of which were held in May 2016.
- The 28th Ordinary Session of the African Union Heads of State and Government held in Addis Ababa, Ethiopia in January 2017 mandated His Excellency Issoufou Mahamadou, President of the Republic of Niger to be the Leader of the African Continental Free Trade Area (AfCFTA) Negotiations.
- During the 30th Ordinary Session of the African Union Heads of State and Government held in Addis Ababa, Ethiopia in January 2018, the name African Continental Free Trade Area (AfCFTA) was adopted.



Introduction: Opportunities of the AfCFTA

The AfCFTA seeks to combine the economies of 55 African states under a pan-African free trade area comprising 1.2 billion people in a market with a combined GDP of about \$2.5 trillion to \$3.4 Trillion depending on the Source of data.

Africa is the world Second **largest** and second **most populous** continent and by 2050 Africa's population is projected to reach 2 billion. About 70% of Africans are under 30 years of age and over half are **females**.

According to UNECA Report, it is envisaged that the AfCFTA will double intra-African trade from 12% (2012) to 25% (in 2022).

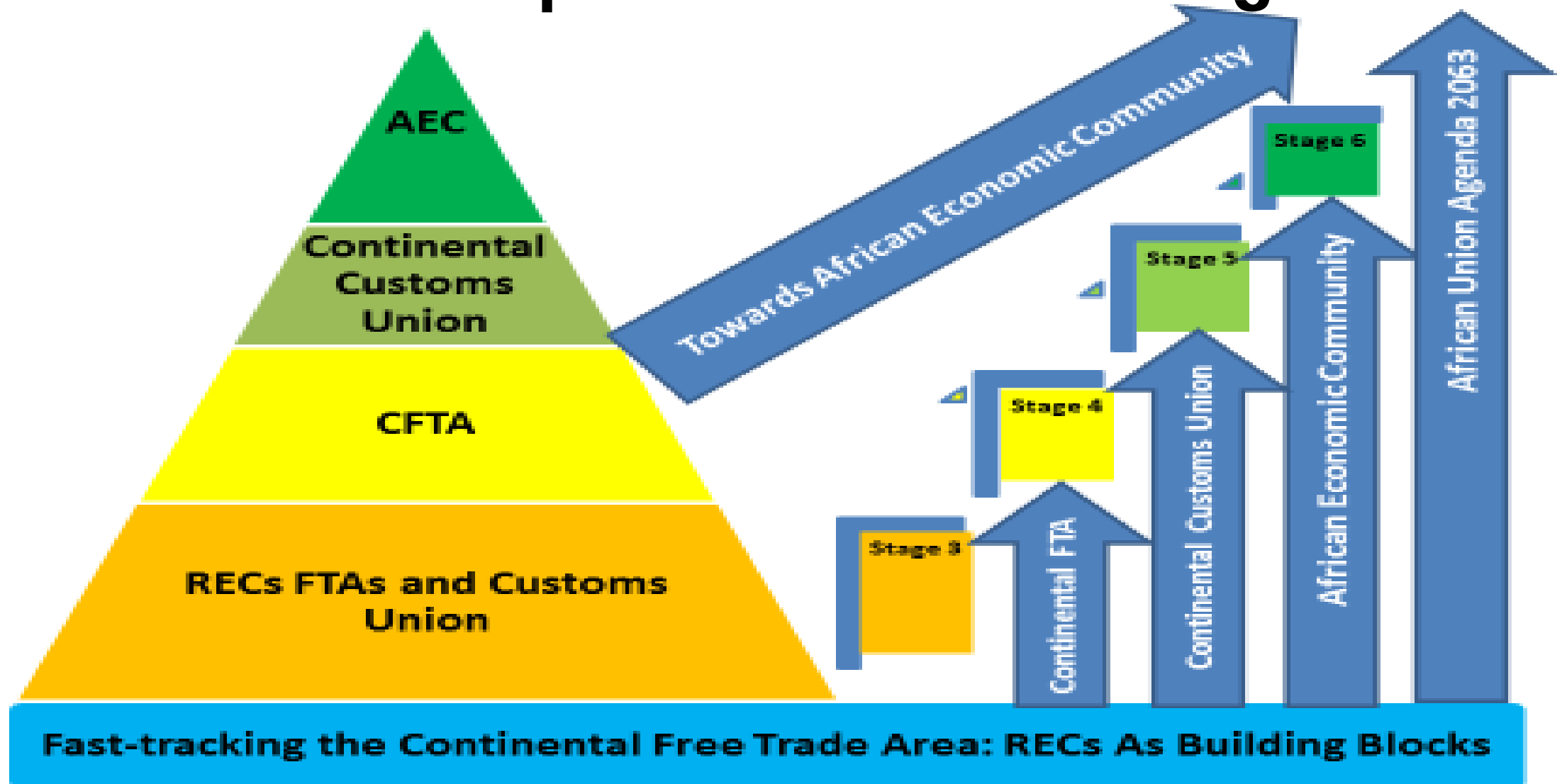
Africa has approximately **30% of the earth's remaining mineral resources**. The Continent has the largest reserves of precious metals with over 40% of the gold reserves, over 60% of cobalt, and 90% of platinum reserves.

Africa is the world's **poorest** and **most underdeveloped** continent with a continental GDP that accounts for just 2.4% of global GDP and accounts for only 4% of global Trade. **In addition, Africa accounts for around 60% of the world's uncultivated arable land.**

According to UNCTAD Report the AfCFTA will result in Total welfare gains of US\$ 16 Billion (+0.97% GDP and +1.17% employment)



Introduction: Roadmap for Continental Integration



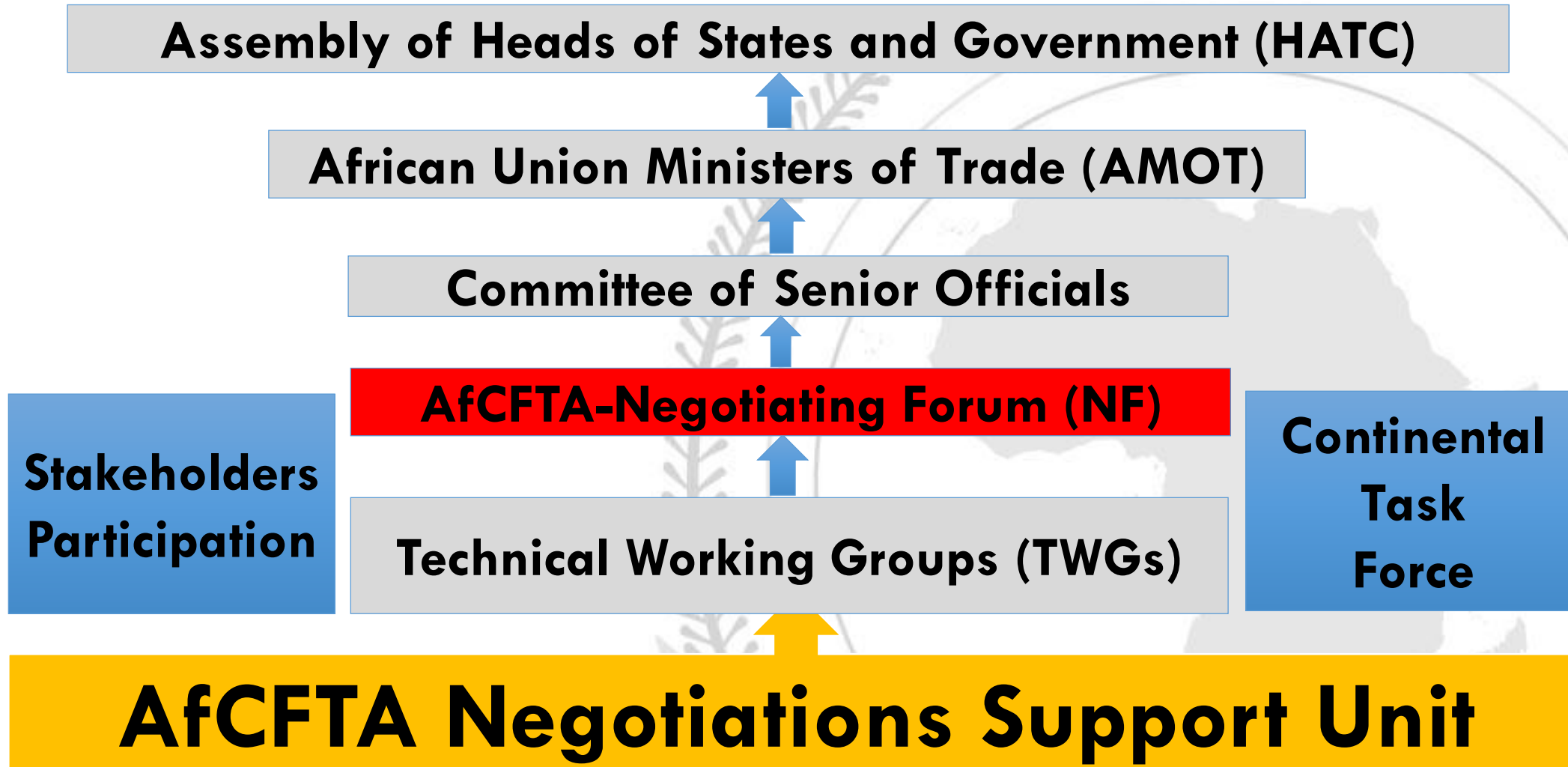


Conduct of Negotiations: Preparatory Work

- **The Establishment of the dedicated AfCFTA Support Unit** to provide technical and negotiating assistance to countries as well as secretarial and technical support to the AfCFTA negotiations structure;
- **Implementing a Capacity Building Program** for those involved in the negotiations. The program included technical studies on the AfCFTA while the process of capacity building is continuous.
- **Awareness Creation** for regional and continental stakeholders. The program included engagement of the private sector, civil society organizations as well as other non-state actors to own the AfCFTA process.
- **Establishment of Seven Technical Working Groups** created by the AfCFTA-NF to provide technical inputs;
- In conjunction with strategic partners, **developing draft texts of legal instruments for the AfCFTA; and**
- **Technical Studies Conducted.** Some of the resource mobilization effort has culminated in technical studies to inform the AfCFTA processes.



**Conduct of Negotiations:
Negotiating Institutions**





Conduct of Negotiations: Key Meetings and Fora

- ☐ In line with the approved indicative Roadmap for the establishment of the AfCFTA, the AUC Department of Trade and Industry (DTI) has successfully organized the following meetings of the AfCFTA Negotiating Institutions between February 2016 and September 2018:
 - ✓ 11 Meetings of the AfCFTA Continental Task Force;
 - ✓ 12 Meetings of the AfCFTA NF;
 - ✓ 6 Meetings of the STOs; and
 - ✓ 6 Meetings of AMOT.
- ☐ The meetings of the negotiating structures were also supported by various meetings of the Technical Working Groups (TWGs) and workshops on specific technical areas.
- ☐ Stakeholders Events were organised in Parallel.



Key Outcome of Negotiations

- ❑ Objectives and Guiding Principles for AfCFTA negotiations Adopted;
- ❑ Modalities for tariff liberalisation were adopted with a level of ambition of 90% of tariff lines to be liberalised over a period of 5 – 10 years depending on the categories specified. A group of 7 countries requested a longer transition period of 15 years.
- ❑ Modalities for liberalisation of trade in services were adopted with a hybrid approach of schedules of specific commitments accompanied by regulatory cooperation;
- ❑ The Agreement Establishing the AfCFTA together with 3 Protocols were adopted by the AU Assembly on 21 March 2018 in Kigali, Rwanda;
- ❑ 12 Annexes to the Protocols were also adopted by the Assembly on 1 July 2018 in Nouakchott, Mauritania;
- ❑ **To date, the AfCFTA Agreement has 49 signatories and 7 Member States have ratified it.**



Outcome of Negotiations

Agreement Establishing the African Continental Free Trade Area

Protocol on Trade in Goods

Protocol on Trade in Services

Protocol on Rules and Procedures for the Settlement of Disputes

Protocol on Investment

Protocol on Intellectual Property Rights

Protocol on Competition

1. Schedules of Specific Commitments;
2. **MFN Exemption(s);**
3. **Air Transport Services;**
4. **List of Priority Sectors (Financial, Telecommunication, Transport, Tourism, and Business Services); and**
5. A framework document on Regulatory Cooperation.

- ✓ Annex 1 on Schedules of tariff Concessions;
- ✓ **Annex 2 on Rules of Origin;**
- ✓ **Annex 3 on Customs Cooperation and Mutual Administrative Assistance;**
- ✓ **Annex 4 on Trade Facilitation;**
- ✓ **Annex 5 on Non-Tariff Barriers;**
- ✓ **Annex 6 on Technical Barriers to Trade;**
- ✓ **Annex 7 on Sanitary and Phytosanitary Measures;**
- ✓ **Annex 8 on Transit, and**
- ✓ **Annex 9 on Trade Remedies.**

- ✓ **Annex 1 on Working Procedures of the Panel;**
- ✓ **Annex 2 on Expert Review, and**
- ✓ **Annex 3 on Code of Conduct for Arbitrators and Panelists.**



Institutional Framework for Implementation of AfCFTA

Assembly

Dispute Settlement Body

Council of Ministers

**Committee of Senior Trade
Officials**

AfCFTA Secretariat

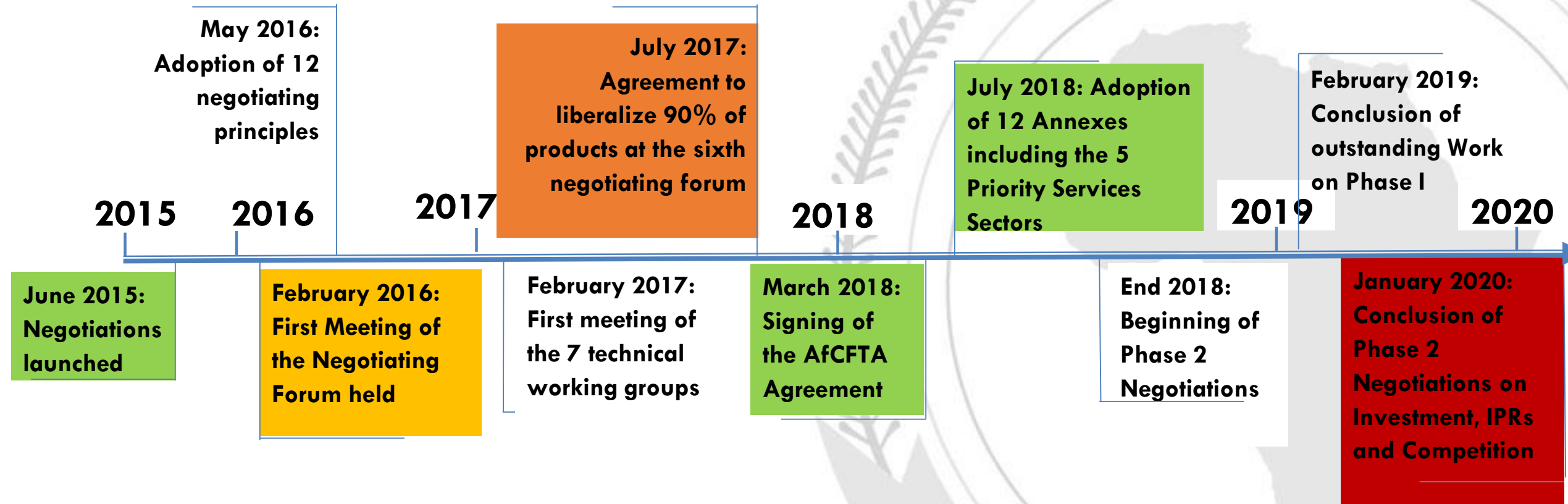
1. Committee on Trade in Goods;
2. Committee on Trade in Services;
3. Sub-Committee on Rules of Origin;
4. Sub-Committee on Trade Facilitation, Customs Cooperation and Transit;
5. Sub-Committee on Non-Tariff Barriers;
6. Sub-Committee for Technical Barriers to Trade;
7. Sub-Committee for Sanitary and Phytosanitary Measures; and
8. Sub-Committee on Trade Remedies.

AfCFTA Regional Committees

AfCFTA National Committees



Road Map for Conclusion of Outstanding Work and Phase II Negotiations





Conclusion: Planned Events before end of 2018

- The 9th Meeting of the TWG on Rules of Origin convened October 2018;
- A stakeholders engagement workshop on the AfCFTA convened in November 2018;
- A Private Sector Roundtable on AfCFTA is planned in November 2018;
- The 12th Meeting of the AfCFTA Continental Task Force is planned in November 2018;
- The 13th Meeting of the AfCFTA Negotiating Forum is planned in November 2018;
- The 14th Meeting of the AfCFTA Negotiating Forum is planned in December 2018;
- The 7th Meeting of AMOT is planned in December 2018.



Conclusion: Way Forward

- Conclusion of Outstanding Work on Phase I (Built – in Agenda);
- Conduct of Phase II Negotiations in 2019;
- Ratification of the AfCFTA Agreement and Entry into Force;
- Establishment of the AfCFTA Institutions: Including AfCFTA Secretariat, National Committees and various Subcommittees;
- Stakeholders Engagement at all Levels, including establishment of A Consultative Dialogue Framework.



Progress on the First Intra-African Trade Fair 11-17 December, 2018

Progress so far

- **Promotion and marketing activities**

- A website has been created (<https://www.intraafricantradefair.com>);
- Production and distribution of promotional brochures
- IATF billboards are now present in 30 African countries
- IATF Engagement Sessions with the African Private Sector
- Sensitization of African and Non African Countries and businesses
- An Ambassador Program:- marketing and mobilizing sponsorship (Currently 25 IATF Ambassadors)

- **Registration and participation**

- 25 AU MS have expressed interest, registered or finalizing their participation
- 1422 African Companies interested, 566 acquiring the pavilion/stand and signing the contract
- 5 non African countries (China, Indonesia, UAE and USA State of Florida)

- **Challenge and the way forward**

- Still low participation of AU MS,
- Continue mobilization for participation (African SME granted 50% discount)



AIDA strategic issues and framework

- **Developed by UNIDO at the request of AU Heads of State and Governments (HoS/G) and adopted at the 10th session of the summit of the HoS/G in 2008. Home-grown industrial initiative, broad ownership and informed by objective problem analysis and context review;**
- **Identifies 53 projects under the 7 clusters of:**
 - **Industrial policy and institutional direction;**
 - **Upgrading production and trade capacities;**
 - **Promote infrastructure and energy for industrial development;**
 - **Industrial and technical skills for Africa's development;**
 - **Industrial innovation and technology systems and research and development;**
 - **Financing and resource mobilization; and**
 - **Sustainable development for responsible industrialization.**



AIW 2018

- Commemoration of the event- 19th -23rd November, 2018
 - At AUC HQs Addis Ababa, Ethiopia
- Commemorated under the theme: ***“Promoting Regional Value Chains in Africa: A pathway for accelerating Africa’s structural transformation, industrialization and pharmaceutical production”***
- AUC to host the event in collaboration with:
 - NEPAD Agency, UNIDO, other Development & Cooperating partners
- Opening Session to be held soon after Extraordinary Session of HOS/G (17-18 November, 2018)
 - AUChair, H.E. Paul Kagame to officially open the weeklong event



AIW2018: Motivation

- Event meant to raise awareness of Africa's Industrialization challenges
- Mobilize leaders to advocate for accelerated, sustainable & inclusive industrial development
- Provide a public-private dialogue platform for interface among industry stakeholders
- An avenue for private sector to showcase success, innovation & challenges
- An opportunity for policy makers to gauge Africa's industrial traction
- Event to attract a diverse base of stakeholders:
 - AU MSs, RECs, Development & Cooperating Partners, the Private sector, the Civil Society



An Integrated, Prosperous and Peaceful Africa, driven by its own citizens,
representing dynamic force in the international arena.