

African Economic Conference 2018

“Regional and Continental Integration for Africa’s Development”

Statement by ECA Deputy Executive Secretary, Ms. Giovanie Biha

Monday 3rd December 2018

Hon. Soraya Hakuziyaremye, Minister of Trade and Industry of Rwanda

Hon. Claudine Uwera, Minister of State in Charge of Economic Planning of Rwanda

H.E. Professor Victor Harison, Commissioner of Economic Affairs of the African Union

Ms. Ahunna Eziakonwa United Nations Assistant Secretary- General and Director, Regional Bureau for Africa, UNDP

Mr. Gabriel Negatu, Director General, East Africa Regional Development and Business Delivery Office, African Development Bank

Excellencies, Ambassadors and Heads of Missions;

Distinguished Participants;

Ladies and gentlemen,

It is a singular pleasure and honour for me to be here with you in Kigali, Rwanda's rapidly transforming capital for the 13th edition of the African Economic Conference, which the Economic Commission for Africa has the privilege to be co-hosting with the African Development Bank (AfDB) and the United Nations Development Programme's (UNDP) Regional Bureau for Africa.

Permit me to start by expressing my gratitude to the government and people of Rwanda for so graciously accepting to host this conference and for all logistical and material support that they have afforded us in the course of the preparations for the conference, as well as the hospitality they have continued to extend to various participants who have come from various parts of the continent and the globe.

We are also most honoured by the presence at this opening ceremony of the conference of His Excellency, President Paul Kagame of Rwanda, and other high level dignitaries from other African countries. Your presence here is a clear mark of your support and recognition of the work that our institutions are doing to support Africa in its development efforts.

Ladies and gentlemen,

2018 has been a momentous year for African continental integration. The signing of the African Continental Free Trade Area at the 10th Extra-Ordinary African

Union Summit, in Kigali on 21st March marks a considerable milestone in this process. In addition to the AfCFTA, two other important achievements in the integration process were realised. These are the Single African Air Transport Market (Open Skies – 27 countries already); and the Protocol on the Free Movement of People and Right of Establishment. At this juncture, I would like to congratulate Rwanda for being the first country to ratify the Protocol on the Free Movement of People in Africa.

The significance of the AfCFTA achievement is not to be underestimated. The vision of African continental integration to which the AfCFTA aspires is over 50 years old. It originates in an appreciation that the political independence achieved with decolonisation would be ineffective in realizing a better life for the peoples of Africa unless consummated with economic independence. As with political independence, this ‘economic decolonisation’ was thought to be best leveraged through a regional approach. Since then, the vision of economic integration has persisted. Though its expression has evolved, and the methods towards its attainment have developed, it has held fast as an instrument for Africa’s economic prosperity.

It is seen now as a critical tool for contributing to both Agenda 2030 and Agenda 2063. Africa is the most promising market in the world. Urban expansion and a growing middle class is contributing to rapid growth in household and business consumption. By 2050 our population will have doubled, expanding

opportunities for businesses, investors and entrepreneurs. Already this year, six of the 10 fastest growing countries in the world are forecast to be African. But this market is fragmented; split over 55 countries, this raises obstacles for businesses hoping to trade and invest across the continent.

The AfCFTA helps to address this fragmented market. No longer will producers pay tariffs – currently amounting to average of 6.1 percent - on a large variety of goods traded between African countries.

Perhaps even more importantly, traders constrained by non-tariff barriers, like overly burdensome customs procedures or excessive paperwork, will have a mechanism through which to seek the removal of such burdens.

Cooperation over product standards and regulations, as well as trade facilitation and transit, will make it easier for goods to flow between Africa's borders.

Modern business involves more than the production of goods; the delivery of services accounts for just under 60 percent of African GDP, and the AfCFTA speaks to this too. Through the progressive liberalization of service sectors, service suppliers will have access to the markets of all African countries on terms no less favorable than were they domestic suppliers.

What is all the more impressive is the diversity of countries being brought together in the African context under the AfCFTA. African countries range in economic size with GDP ranging from less than \$1 billion, in the case of Sao

Tome and Principe, to more than \$350 billion, in the case of Nigeria and South Africa, in 2018. GDP per capita ranges from under \$250, in the case of South Sudan, to over \$20,000 in Equatorial Guinea. There are 15 land-locked countries and six Small Island Developing Economies in Africa. Several have sizeable manufacturing sectors, while many have largely undiversified economies, focusing on a small number of agricultural, mineral or fuel commodities. Most economies in Africa are poor relative to the rest of the world; almost 70 percent of the world's LDCs are located in Africa. Yet, despite capacity constraints African negotiators have worked swiftly. Despite their differences, African countries have been able to seek compromise, broker agreement, and come together with a single legally binding treaty.

What is also remarkable is the time in which the AfCFTA has been achieved. Trade negotiations have a reputation for typically being drawn out and time consuming affairs. Free trade area negotiations between the European Union and the United States have been being negotiated for over five years without conclusion, those between a number of Asian countries in the Regional Comprehensive Economic Partnership have been ongoing for over seven years. At the multilateral level, the Doha Development Round negotiations at the WTO have been ongoing without conclusion for 17 years. Even in Africa, the Economic Partnership Agreement negotiations, between regional groupings of African

countries and the European Union, have lasted for more than 16 years and have only begun implementation in Southern Africa.

Ladies and gentlemen,

Nevertheless, several important steps remain to be completed before the AfCFTA can enter into effect. A small number of operative Annexes are still being negotiated. These included schedules of commitments for both trade in goods and services. Such schedules detail the particular products and services to be liberalized under the AfCFTA, the timeframe in which this liberalization will occur, and any exclusions or particular sensitivities requiring extended timeframes. These furthermore represent two of the most critical components of the AfCFTA, without which trade in goods and services, respectively, will not be able to flow freely.

Negotiations are however advanced in these issues. Many countries have already identified their provisional schedules of commitments for trade in goods and await the finalization of modalities to determine the exact limitations on exclusions and sensitive products. Priority sectors have already been identified for schedules of concessions in trade in services, covering the sectors of transport, communication, tourism, financial and business services, though the subsequent negotiation and exchange of these concessions in these sectors will take longer.

Other issues outstanding include the conclusion of rules of origin and on guidelines for trade remedies, though each is at an advanced stage.

We are, therefore, requiring a final push to see through the conclusion of the remaining elements of the AfCFTA negotiations. However in doing so we should not sacrifice ambition. Our research at the Economic Commission for Africa shows that the more ambition the liberalization, the higher will be the gains in terms of increase in GDP and exports.

Therefore, as we push ahead in these final elements of the AfCFTA we must do so in a manner that aspires for the full potential of economic integration in Africa.

Ladies and gentlemen,

Alongside the conclusion of the remaining elements of the AfCFTA negotiations, we must also affirm our commitment to the operationalization of the AfCFTA by ratifying the agreement in our respective parliaments.

The AfCFTA will only enter into force once 22 instruments of ratification have been deposited with the African Union Commission. We are making good progress. We now need ratifications to move forward. So far 12 have reportedly been received so far. However this marks only a fraction of the 49 countries that have signed the Agreement.

Yet it is not enough for the AfCFTA to merely enter into force. We aspire to see it bring with it each and every African country along. Therefore, as researchers, policymakers, academics, civil society organisations, experts and business people, we must strive in our collective work to promote the AfCFTA through our respective national legislative processes to ensure that the African continent moves together in this endeavour.

Ladies and gentlemen,

Let me conclude by emphasizing that the success of continental economic integration depends also on its benefits being shared equitably. The AfCFTA must benefit all, including Africa's smaller and less developed countries, as well as the breath of people within each country. We must keep in mind always the core of the sustainable development goals, that we can Leave No One Behind.

To achieve this, African countries will need to approach the AfCFTA strategically – identifying their opportunities in this endeavour and guarding against any challenges. Supports must be established where required, supply-side constraints addressed, trade information and finance improved, and complementary initiatives, such as the Boosting Intra-African Trade Action Plan, implemented.

In these matters the Economic Commission for Africa stands ready to help. We have already begun assisting African countries with National AfCFTA Strategies

that aspire to frame a strategic approach for maximising the opportunities of the AfCFTA.

Together, with other partners including the African Development Bank and the United Nations Development Programme, we can ensure a successful AfCFTA that delivers upon its aspirations and the achievement of Agenda 2030 and Agenda 2063, for the Africa We Want.

We are moving in the right direction and we have great momentum behind us. It is my belief that the discussions and deliberations during this Conference will go a long way to support African countries in these interesting times for regional and continental integration.

I thank you for your attention and wish you fruitful deliberations.