



Concept Note

AfCFTA Regional Trade Forum – Horn of Africa

Theme: “AfCFTA Ratification and Implementation: Breaking Down Geographical, Logistical and Regulatory Barriers to Trade and Investment in the Horn to Boost Competitiveness and Job Creation”

23 to 24 May 2019

Venue: Ethiopian Skylight Hotel, Addis Ababa, Ethiopia.

Partners:

- *TradeMark East Africa,*
- *Ethiopian Airlines Group*
- *IGAD Secretariat*
- *Afrexim Bank*
- *African Capacity Building Foundation*
- *International Trade Centre*



1. Introduction

On 21 March 2018 in Kigali, Rwanda, 44 AU member States signed the Agreement establishing the African Continental Free Trade Area (AfCFTA). An additional eight member states have signed the agreement since then, while the twenty-two have ratified it so far. The AfCFTA will enter into force after 22 African countries have deposited their instruments of ratification with the Africa Union Commission. Once in force, the AfCFTA is expected to generate a range of socio-economic development benefits through supporting trade creation, structural transformation, and poverty reduction, with far reaching implications for generating employment and raising incomes for African women as a particularly disadvantaged and marginalised group.

The AfCFTA is expected to make a significant contribution to the continent's ongoing efforts to materialize the aspirations and goals contained in Agenda 2063 and the 2030 Agenda. However, the full realization of the potential benefits of the AfCFTA will require speedy ratification and effective implementation of the Agreement, along with a range of supporting policies to address other barriers to trade, investment and industrialization. To this end, we need to build on the current political momentum to ensure the AfCFTA Agreement is implemented fully and effectively throughout the continent and is adequately anchored on appropriate institutions at national and continental levels.

2. Background

In an effort to advocate for speedy ratification and implementation of the AfCFTA, on 2-3 November 2018 in Lagos, Nigeria, the ECA co-organized – together with the Rockefeller Foundation and the Federal Government of Nigeria and in coordination with the African Union Commission – the Africa Trade Forum entitled *The AfCFTA ratification and implementation: A game changer for African Economies*. The Forum brought together the vice-President, ministers and other senior policy makers of the Federal Republic of Nigeria, as well as representatives of the private sector, civil society, academia, international organizations and other influential stakeholders from across the continent to discuss what is needed to ensure that the AfCFTA becomes a reality and truly contributes to Africa's socio-economic development.

The Forum was highly successful and contributed in injecting further momentum to the AfCFTA ratification process across the continent. The key messages that emerged from the Forum included:

- While governments are responsible for creating an environment conducive for business and trade, it is the private sector that is the key driver of the economy and the direct beneficiary of the AfCFTA.
- Complementary interventions addressing gaps in infrastructure (including health infrastructure), finance, trade facilitation and other efforts to remove existing trade barriers will be crucial to ensure win-win outcomes from the AfCFTA.
- The implementation of the AfCFTA must be conducted in such a way as to support micro, small and medium enterprises (MSMEs), female traders and those involved in informal cross-border trade, who constitute a large majority in every African country.
- Rules on the digital economy should be considered for inclusion in the second phase of the AfCFTA negotiations to maximize the gains from the Agreement.
- Civil society organizations play a vital role in ensuring that the AfCFTA is implemented in a manner which ensures that the benefits accruing from its implementation are shared equitably across different segments of society taking into account all issues.



- Development partners have a key role to play in supporting effective implementation of the AfCFTA, in alignment with the African regional integration agenda.
- Successful implementation of the AfCFTA will require State Parties to learn from the drawbacks and successes of Africa's regional economic communities (RECs).

An important outcome of the Lagos Forum was the decision urging ECA to hold at least three more Trade Forums in different African sub-regions in 2019.

3. Horn of Africa Regional Trade Forum on “AfCFTA Ratification and Implementation: Breaking Down Geographical, Logistical and Regulatory Barriers to Trade and Investment in the Horn to Boost Competitiveness and Job Creation”

In this context, ECA has decided to co-organize a Horn of Africa Regional Trade Forum on the theme of: “AfCFTA ratification and implementation: breaking down geographical, logistical and regulatory barriers to trade and investment in the Horn to boost competitiveness and job creation” in Addis Ababa, Ethiopia, 23-24 May 2019. The Lagos Forum highlighted the need to more effectively engage the private sector, which is best-placed to identify and seize the opportunities created by the AfCFTA and also push for further complementary measures and actions necessary for addressing remaining regional trade and competitiveness challenges, such as those related to the establishment and leveraging of regional value chains for sustainable and inclusive development outcomes.

Increasingly, both Africa's public and private sector actors recognize that real region-wide progress and transformation is only attainable through improved connectivity, competitive logistics and production value chain integration in targeted strategic sectors such as pharmaceuticals and agriculture. This, together with the establishment of regulatory policy convergence, is vital for the continent's trade and regional integration agenda.

While engagement with the private sector is a theme that cuts across all Trade Forums, each Forum also identifies issues that are particularly relevant, if not unique, to the specific context of its region. In that context, the Horn of Africa sub-region (here understood to include Somalia, Djibouti, Eritrea, Ethiopia, Sudan and South Sudan) is entirely made up of least developed countries, with two of them, Ethiopia and South Sudan, being landlocked. As a result, imports and exports from virtually all these countries often suffer from disproportionately high transaction costs due to either challenges of sheer geographical distance from markets and dependence on the infrastructure and institutions of transit countries (especially for the landlocked but also for others) or inadequate essential infrastructure within their own territories, underdeveloped logistics services, bureaucratic red tape, and the like.

In many cases, the solutions to these challenges lie in the proper management and effective implementation of region-specific agreements on transport and communication infrastructure. The AfCFTA not only reduces or eliminates barriers to trade and harmonises standards, it also provides an overarching framework within which regions can address their peculiar challenges in a specific manner. This way, the AfCFTA will help Africa trade more, and do so more competitively, with itself and with the rest of the world, which is even more true for the least-developed and landlocked countries in this region. The ongoing Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor project, and the fresh efforts by the Government of Djibouti to establish an IGAD-based Corridor Management Authority are examples of integrated infrastructure and logistics projects that can only benefit from this AfCFTA drive to eliminate barriers and harmonise standards.



The Regional Trade Forum for the Horn will provide the right platform for all stakeholders, from policy makers to commercial actors, from academics to civil society organisations, to explore these issues in terms of the extent to which the AfCFTA can contribute to the effort to address these almost unique trade and competitiveness challenges. The ongoing efforts to deepen economic integration in the Horn region and speed up its pace will be explored using specific and concrete transboundary projects, such as interconnected power grids, shipping, transport related logistics corridors, and mining and development projects.

3.1. Format

The Forum will be co-organized with the African Union Commission and the Government of Ethiopia, while the IGAD Secretariat, TradeMark East Africa, the Pan-African Chamber of Commerce and Industry and the Ethiopian Airlines Group will be partnering with us. The event will take place at the Ethiopian Skylight Hotel in Addis Ababa, Ethiopia. The Forum will include plenaries and roundtables organized around the following topics:

Thematic focus areas:

- The AfCFTA: Boosting Competitiveness and Job Creation in the Horn of Africa
- The AfCFTA: stocktaking – completing the investment, competition and intellectual property protocols of the Phase II agenda
- The AfCFTA and the Horn: broadening policy space and taking advantage of flexibilities
- The AfCFTA and LDCs/LLDCs: Breaking Down Geographical, Logistical and Regulatory Barriers to Trade and Investment
- Driving the AfCFTA: the role of the private sector
- Inclusive gains: women- and youth-owned businesses
- The Manufacturing Sector and the AfCFTA: the case of the pharmaceutical industry value chain
- The AfCFTA Country Business Index
- Transforming services in the context of the AfCFTA

Plenaries:

- High-Level Roundtable (heads of state/government/ministers)
- Chief Negotiators
- Private Sector Roundtable
- Women's Business Roundtable

3.2. What to expect?

Solutions: Opportunities to connect with leaders and experts to translate ideas into solutions for Africa's socio-economic transformation.

Exposure: Platforms to access cutting-edge evidence-based policy analysis and briefs, methodologies and tools to support shared gains from the AfCFTA.

Opportunity: Sessions that encourage participants to expand their thinking and explore fresh opportunities under the new continental market.

Impact: Recommendations on how to learn to use the AfCFTA as a policy tool to create positive change and impact in African economies as well as a tool for advancing gender equality and women's economic empowerment, as a catalyst for inclusive and sustainable socio-economic development on the continent.

Value: Spaces for lively, interactive multi-stakeholder discussions, along with access to engaging content and intra-African networking opportunities.



Networking: Opportunities to participate in roundtables and high-level plenaries and at the same time engage with actors across a diverse range of different sectors.

4. Advocacy meetings

In the run up to the Forum, the ECA project team will meet with high-level government and private sector representatives from the participating countries in the region to advocate for the ratification and implementation of the AfCFTA Agreement. During these meetings the ECA project team will deliver briefs on the objectives of the Forum and what to expect from it, on key issues relating to AfCFTA implementation, as well as on ECA technical support for the countries in the region relating to the AfCFTA and the continent's broader regional integration agenda.

5. For additional information, please write Mamayenesh Teshome at teshomem@un.org