



ECA



HIGHLIGHTS OF THE EABC-UNECA CONFERENCE ON THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) “ROLE OF THE PRIVATE SECTOR” MT MERU HOTEL 25TH APRIL 2019 ARUSHA, TANZANIA

INTRODUCTION



The African Continental Free Trade Area isn't simply a 'Free Trade Agreement' it's about establishing a unified continental market with 1.2 billion potential customers and where the private sector is a major engine to make it happen. This was the tone from the discussions of the meeting held on Thursday in Arusha about how the East African Private sector could benefit from the AfCFTA.

The one-day meeting, organized jointly between the East African Business Council (EABC) and the UN Economic Commission for Africa (ECA), convened close to 40 key players from the region's private sector.

The office for Eastern Africa of ECA estimates large potential gains from the AfCFTA, including an increase in intra-African exports of Eastern Africa by nearly US\$ 1 billion and job creation of 0.5 to 1.9 million.

"Together African economies have a collective GDP of 2.5 trillion USD, making it the 8th largest economy in the world. That makes the continent much more attractive to investment, both from within and from outside the continent", said Andrew Mold, Acting Director of ECA in Eastern Africa. "This should encourage business people to take advantage of AfCFTA and make the investments necessary to sustain economic growth and create employment".

Mr. Nick Nesbitt, Chairman of EABC, emphasized the importance of the continent having a clear vision to put an end to the fragmentation of the internal market. "I really applaud everybody who has involved in creating the AfCFTA because their vision is the one of pan-Africanism. It is something our founding founders aspired to. Our thanks to ECA for being at forefront of this conversation and pushing the agenda forward so that the continent becomes a single economic trading bloc", he said.

Mr. Kenneth Bagamuhunda, Director General Customs and Trade at the East African Community Secretariat, cited the experience of Regional Economic Communities as the building blocks for the AfCFTA. "The AfCFTA should build on what has already been achieved in regional negotiations like the Tripartite Free Trade Area, as well as within our respective regional blocs" he said.

Bagamuhunda highlighted governments need to set a conducive environment for the successful implementation of AfCFTA.

In his remarks Hon. Peter Mathuki, CEO EABC emphasized, "It is our interest as business people to take advantage of the continental-wide market and make sure that the AfCFTA works."

PANEL DISCUSSIONS ON THE OPPORTUNITIES AND CHALLENGES FOR THE EAC WITHIN THE CONTEXT OF THE AFCFTA



Led by EABC Chairman, Nick Nesbitt the panelists thoroughly discussed the *opportunities and challenges for the EAC within the context of the AfCFTA*. The panelists were Mr. Kenneth Bagamuhunda, Director General Customs & Trade, EAC and Mr. Andrew Mold, Officer in Charge for Eastern Africa, UNECA. The Moderator of the panel discussion was Ms. Novella Nikwigize, News Anchor and Producer, Rwanda TV.

In summary, the following issues were raised during the discussion:

- Given that the EAC has moved in terms of integration the region should reposition to take advantage of the AfCFTA despite the challenges at EAC level and look for leeways in the continental market
- The need to chart out mechanism on how to leverage on the AfCFTA
- Leverage the EAC private sector in AfCFTA
- Diversifying intra EAC trade to boost intra Africa trade
- Need to address outstanding issues among EAC Partner States
- Strengthening regional value chains to attract local and foreign investors in existing and new innovation sectors
- Instruments and infrastructure are there we need to implement them and highlight remaining issues and challenges in subsectors
- Personal responsibility of private sector members Trust
- The private sector as arbitrator between realities on the ground and policy makers
- An open and optimistic approach towards the AfCFTA

Summary of Key Recommendations

For EAC businesses to optimize on AfCFTA opportunities and overcome challenges presented by the Agreement the EAC Private Sector have proposed the following recommendations:

- The EAC Partner States at the national and regional level should adequately involve the private sector in the negotiating process of AfCFTA instruments to ensure regional private sector interests are taken on board
- There is a need to leverage the EAC at the AfCFTA level. Take into consideration lessons from at EAC level for purposes of leveraging the AfCFTA
- The private sector should not only look at positioning for the benefits but also how the benefits come by.
- Strengthen the ambition of the AfCFTA over the longer term to consolidate the RECs and realize a continental customs union
- Leverage AfCFTA as a platform for negotiations with the rest of the world: reinforce a coherent African trade policy

- EAC Partner States in collaboration with Private Sector should identify and address existing impediments at national and regional to the full implementation of the AfCFTA
- The EAC Partner States in collaboration with the private sector should enhance capacity building to strengthen its institutions to enable them to discharge new mandates derived from AfCFTA
- The EAC Partner States in collaboration with Private Sector should embark on compressive awareness creation on opportunities and challenges presented by AfCFTA
- The EAC Partner States in collaboration with Private Sector should work together in addressing supply-side constraints to enhance the competitiveness of EAC Producers in the AfCFTA
- Use of existing national and regional business organizational structures to engage with national trade negotiators

Manufacturing

- The private sector should take a keen interest in the negotiating process of AfCFTA instruments to ensure that private sector interests and concerns are incorporated.
- EABC should coordinate the formation of National and regional working groups to coordinate private sector participation in the AfCFTA
- The EAC Partner States in collaboration with Private Sector should work together in addressing supply-side constraints to enhance the competitiveness of EAC Manufacturers in the AfCFTA.
- There is a need to have an EAC CET structure that recognizes the different levels of integration at the continental and drives down the cost of regionally manufactured products
- Development of rules of origin regime at AfCFTA level that reflect the already existing at EAC level
- EABC should ensure that the private sector is involved in the process of development of AfCFTA framework that will address NTBs
- Inclusion of a sanctions regime within the AfCFTA NTB framework that addresses failure by member States to resolve NTBs in a timely manner

Services

- Have a provision in the respective AfCFTA Protocols to facilitate the free movement of business people (regulation on movement of services and service providers)
- Fully implement the existing regional initiatives in selected services sectors such as Tourism, in order to accrue the gains and make the EAC services providers in these sectors, more competitive at the AU level e.g. EAC Tourism Bill, Single Tourist Visa, etc
- Gender-responsive private sector representation at all levels of negotiations
- Sensitize private sector on challenges and benefits/opportunities of Trade in services liberalization at Continental level.

- Adequate sectoral private sector representation/participation in the request and offer process for Trade in Services negotiations in the AfCFTA
- A robust e-commerce regulatory framework on issues such as data protection, intellectual property rights and consumer protection rights as part of the AfCFTA framework.

Energy

- Setting up policies and competent negotiators that support local contractors in mega projects before the contract is signed
- Harmonization of regulations and creating a conducive environment for locals and international investors to JV
- Improve internal productive capacity before fully liberalizing in the energy sector (If this is a sensitive sector).
- Create awareness of the benefits that come with the implementation of the AfCFTA

SMEs

- Develop technical skills to increase production capacities of SME companies.
- Regional Economic Block to take up the role and be clear on how we are supporting SMEs. National focal points must be accountable at the national level, EABC to hold countries accountable; push policy/advocacy on the value of SMEs
- EABC to push for regional regulatory and policy framework/Harmonization of the same
- Value chain protection leading to access to markets/ Map out in the value chain – Quarter system
- BMOs from EABC to country focal points should have deliberate SME desk and information portals in the region to Channel out Timely, relevant and effective way of communication to SMEs
- Technical and Managerial skills development: Deliberate skills development by University/Colleges/Vocational training colleges in the region.

Agriculture

- Research for productivity- Solving micro issues to improve income
- Linkages within the agriculture sector and other sectors

Pictorial

