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***Statement Delivered by H.E. Ambassador Albert M. Muchanga,
Commissioner for Trade and Industry, African Union Commission
at the Trade Law Centre (tralac) Annual Conference Held at***

The Table Bay Hotel, V&A Waterfront, Cape Town, South Africa

**From 6-7 April, 2017 Under the Topic: International Trade
Governance – Quo Vadis?**

Mr. Chairman;

Executive Director of the Trade Law Centre;

Distinguished Conference Participants;

Ladies and Gentlemen.

We thank the Trade Law Centre, popularly known as ***tralac*** for inviting the African Union Commission to this Conference.

We also congratulate you for choosing a very perceptive topic: **“International Trade Governance- Quo Vadis?”**

Indeed, we could question where we are going in international trade governance.

We are in risky terrain.

I am particularly concerned because we seem to be facing new realities where everything they taught us about free trade, comparative advantage and the power of market forces is being sacrificed at the altar of protectionism and economic nationalism.

Is this the end of market liberalism in international trade? If it is, what replaces it?

I hope this conference will come up with answers to these questions.

As Africa, we still firmly believe in rules-based multilateral trading governance structures.

While acknowledging that international trade governance is standing at the cross-roads, for us, the way forward is to support international trade governance structures that serve our interests. Such structures lie in the multilateral system.

We will continue supporting these structures and use them to ensure that our trading partners do not roll back our existing market access privileges.

Equally important, we will use these structures to secure additional market access, especially for our manufactured goods.

Multilateral agreements, like the WTO Trade Facilitation Agreement that has now entered into force will be utilized by Africa to leverage implementation of the trade facilitation cluster of the 2012 programme of Boosting Intra-African Trade. This will enhance our competitiveness by reducing the costs of transportation and doing business.

We will also continue fighting for an increase in the voice of Africa in multilateral trade governance structures like the World Trade Organization. It is only with such a voice that Africa can trade on much fairer terms with the rest of the world. The establishment of the Continental Free Trade will be the start of the institutionalization of that voice.

Mr. Chairman,

Ladies and Gentlemen.

I would like at this stage to come back to tralac.

We record our appreciation for your efforts in the advancement of Africa's agenda of economic integration that is citizen focused by facilitating the participation of Africans far and wide.

We also thank you for your efforts and dedication to the transformation and development of Africa.

The Africa we want is one which is integrated, prosperous and peaceful, driven by its citizens and representing a dynamic force in the global arena.

Tralac is contributing to the realization of that vision and we urge you to continue the good work that you are doing.

Mr. Chairman,

Ladies and Gentlemen,

As we witness the rise and continuing rise of anti-globalisation, anti-free trade, and economic nationalism in many parts of the globe, another question that comes up is: is Africa going in the right direction by moving towards continental integration?

There are some stakeholders of the Continental Free Trade Area (CFTA) project in Africa who are wondering, with regard to the question posed above; as to what may become of their own efforts in the face of these negative forces.

My answers are very simple and straight forward.

Africa is moving in the right direction to establish the Continental Free Trade Area. Our efforts will bear fruit and create a continental trade agreement that will endure and deliver broad-based prosperity across Africa.

Africa has no future in small, fragmented and isolated markets.

Africa's future lies in large size, arising from the collaborative efforts of all the 55 member states of the African Union to combine national strengths for greater continental strength anchored on one Africa with one market of enhanced complementarities.

We know the history and results of our fragmented markets. We know the results of regional integration which now require pushing forward by the consolidation of regional economic communities to create a Continental Free Trade Area.

We do not like the status quo because it cannot assist us build the Africa we want.

We are, therefore, moving resolutely to establish the Continental Free Trade Area by December this year, a deadline set by the Assembly of Heads of State and Government.

With this high level commitment, failure is not an option in the Continental Free Trade Area project.

In this connection, our negotiators have given themselves deadlines of June and September this year to finalize their work on modalities and the draft legal text respectively.

Additionally, the High Level Committee of Heads of State and Government composed of chairpersons of regional economic communities and the champion of the Continental Free Trade Area, His

Excellency M. Mahamadou Issoufou, President of the Republic of Niger will provide political oversight to the African Union Commission. This oversight is aimed at ensuring that the Continental Free Trade Area project is delivered by December this year.

The Continental Free Trade Area project will create a market of 1.3 billion people supported by a combined economic size of US\$3.4 trillion.

This size is massive and will be a great incentive for all our member states to embark on structural and other reforms in order to enhance their competitiveness and position themselves to thrive in both continental and global trade and investments.

Investors from abroad will also see value in coming up with large scale investments to cater for a market of a growing African middle class.

This market will also bring the African Union closer to ordinary African citizens as will be evidenced by their increasing purchases of food, clothes, fertilizers and other products made in fellow African countries. Indeed, the Continental Free Trade, when operational will be on the dining tables, wardrobes, farms and tool sheds of ordinary African citizens.

Furthermore, this large size will give added voice and strength to Africa to negotiate better trade and investment deals with the rest of the world.

The history of economic development shows that countries and regions have used trade agreements to upgrade their productive structures and create new comparative advantages. We will use the Continental Free Trade Area to do just that.

Mr. Chairman,

Ladies and Gentlemen,

We would like to commend the AUDA-ROSCA, which as I have already noted is doing a commendable job in the development of our continent, to move with us in this historic mission of establishing and operating the Continental Free Trade Area.

Among others, we would like you to enhance capacity building of African trade negotiators at the national, regional, continental and global levels.

With respect to the global level, we need to have skilled negotiators of trade and investment agreements diplomatic mission of African Union member states in world capitals like Washington DC, Brussels, Geneva, Beijing, Tokyo, Paris, and London; among others, to secure Africa's best interests in their commercial engagements with interlocutors in world capitals,

As we face the new realities of protectionism, trade negotiating capacity becomes critically important. We would not be surprised to see moves by some of our trading partners to roll back our market access already agreed to in previous trade agreements in the name of protectionism disguised as fair trade. We need skilled trade negotiators to resist such moves.

Beyond that, once the Continental Free Trade Area is strong, we may consider possibilities of negotiating free trade agreements with various trading partners around the world; again, this calls for skilled trade negotiators.

In addition, we would like Tralac to work with us in the development of a pan African competition policy which is one of the key components of the Continental Free Trade Area. Our large market will be more competitive if it establishes an even operating ground for investors, producers, retailers and other market players.

Tralac is also doing a good job in sensitizing the African public on integration and development through research and publications. We encourage you to continue this activity. An informed citizenry is an effective collaborator in promoting development.

Mr. Chairman,

Ladies and Gentlemen,

We are also moving together with the private sector. In order to mainstream the private sector in the programmes of the African Union, we are in the process of creating an African Business Council.

We, as the African Union, need to align efforts with those of the private sector in order to reap the benefits of complementarities to be achieved through collaboration and, in the process, rapidly upgrade our productive structures. This will, in turn, enhance competitiveness as well as generate more employment opportunities for our youth. The world over, the private sector generates more employment opportunities than the public sector.

Let me reiterate. Africans are determined to prosper together through the Continental Free Trade Area. We see a bright future in this common undertaking. In this regard, we will not see Africans joining the chorus of

isolationism and economic nationalism. We are stronger acting together and weaker acting alone. This is our lesson of history.

With the Continental Free Trade Area established and working, we expect a 52% increase in intra-African trade (from the current levels of 2-24%) and a 6% increase in African exports to the rest of the world (from the current level of 3%) by 2022. It is said strength abroad derives from strength at home. All these developments will, therefore, significantly strengthen Africa's position in the global trading system.

There are, however, some key challenges that we need to meet. I will mention just two.

Firstly, economic integration is stronger if the participating countries have strong economies. Most of our economies are currently not strong.

Africa is host to the largest number of least developed countries. This is the weakest link in the ladder of the wealth of nations. The United Nations Conference on Trade and Development projects that Africa will be home to 30 of the world's 32 least developed countries when sixteen graduate from that list by 2024.

This means that a majority of Africa's 55 member states will still be in the least developed country category. If allowed to persist, this state of affairs will adversely affect our integration process. We, therefore, need to come up with a focused programme of preparing our least developed countries to graduate from that status.

Another key challenge is Africa's inability to benefit from the Global Value Chains, in some cases, only reaping 10% of the value of the undertaking.

Sustained education and skills development, including vocational training as well as structural transformation anchored on economic diversification can enhance our benefits from the globally integrated systems of production and trade. At the level of the African Union, we are in the process of coming up with a commodities strategy aimed at accelerating the processes of economic diversification on the continent.

Also critically important is the need to work with our Small and Medium scale Enterprises to give them incentives to produce high quality products that comply with relevant standards and technical regulations both at home and abroad. Through out the world, small and medium scale enterprises are vital sources of value addition and rapid employment generation.

In the context of the Continental Free Trade Area, we are also fast-tracking the formulation of an investment chapter in the agreement to establish the Continental Free Trade Area by taking advantage of the work already done in the draft Pan-African Investment Code.

Mr. Chairman,

Ladies and Gentlemen,

In creating the Continental Free Trade Area, we are doing on so on the foundation of work already done by regional economic communities. We are, hence, implementing the Abuja Treaty. This foundation is in areas like trade facilitation, rules of origin and non-tariff barriers, among others.

In addition, we are already giving operational content to the Continental Free Trade Area and fast-tracking it through the programme of Boosting Intra-African Trade clustered among areas like trade policy, trade finance and productive capacity; among others.

Although negotiations for the Continental Free Trade Area are led by member-states, regional economic communities are playing critical roles and will be consolidated to ensure harmonious and effective implementation of the Continental Free Trade Area commitments.

Mr. Chairman,

Ladies and Gentlemen,

Before I conclude, let me state that international trade governance stands at the cross-roads. In this state of affairs, Africa's strength lies in unity and numbers.

Working together, I, therefore, call on Africans to become designers, thinkers, architects and builders of the Africa we want: an integrated, prosperous and peaceful continent, driven by its citizens and representing a dynamic force in the global arena.

Africans should not give up their power to determine their destiny, even in the face of changing international trade governance structures.

If we do not persevere, for example, in the establishment of the Continental Free Trade Area, others will determine our destiny.

With institutions like Tralac that continue to push for innovative thinking to meet complex development challenges, we have reliable partners.

Mr. Chairman,

Ladies and Gentlemen.

Africa also needs to harness the energy and knowledge of her young researchers, analysts, policy officers, technical experts and innovators because the future belongs to the youth. And, Africa is a youthful continent.

Our youth have good ideas. They know what is best for them. Furthermore, they have the networks and platforms for sharing information in real time.

They also have the positive energy of ambition.

All the above are the ingredients for a bright future for our continent which we must harness.

Our Heads of State and Government will be meeting this July to adopt a programme of action on harnessing the Youth Dividend which will be the continental blueprint for investing in our youth.

Mr. Chairman,

Ladies and Gentlemen.

Allow me to end by saying that I look forward to listening to you in the next two days.

I have come here to learn, to exchange ideas, get to know you and get inspiration for the road ahead in international trade governance.

The insights will be greatly useful as Africa moves to the G.20 Summit in July this year, the AGOA Forum in September, 2017, the Africa-EU Summit in November 2017, the WTO Ministerial Conference in December, 2017; and, the conclusion of negotiations for the establishment of the Continental Free Trade Area in December, 2017 which should culminate in its launch in January, 2018.

I thank you all for your attention.