



United Nations
Economic Commission for Africa

Executive Council Speech

by

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Your Excellency, Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission;

Your Excellency, Ms. Louise Mushikiwabo, Minister of Foreign Affairs, Cooperation and East African Community of the Republic of Rwanda and Chairperson of the Executive Council

Your Excellencies Honourable Ministers of Member States;

Your Excellency Deputy Chairperson, and African Union Commissioners;

Your Excellencies Ambassadors;

Distinguished Ladies and Gentlemen

It is with great honour, and personal pleasure, that I address this extraordinary meeting of the Executive Council.

As Martin Luther King once said, we are not makers of history, we are made by history. And I think with this week in Kigali, I hope, that our continent continues to be made by history and that its history becomes even better as we work hard to sign the Continental Free Trade Agreement. Trade is an important tool in international economics. We know from the history, particularly our continent, beginning with the presence of the British empire, and trade with Egypt, and at the end of the First World War, we had a different kind of trade, and a discussion around trade agreements which were then signed and I think we all remember that after the Second World War we ended up with the GATT. That was in 1947. After 1947, the United States became a much stronger power, and in 1995 we also had the WTO.

We hope that 2018 will be the year when Africa makes history, because Africa signs an African Continental Free Trade Agreement, that brings Africa into the global trade space, as one continent and not as many countries.

So let me start, first of all, by thanking all the African Ministers of Trade and Industry that have worked tirelessly, for years, to make sure we come to this place

today. I also want to thank all the teams from the different institutions, the UNCTAD that helped us, the ECA, the African Union and everyone else, for bringing us to this point and hopefully taking us across.

So let me start by saying that we are currently witnessing some very new and international dynamic in trade. And remember when we talk about different trade agreements, they have always preceded moments of caution in the world, moments of depression; and then an empire is created and we get a trade agreement, then there is a depression, and after the depression we decided that trade should bring us together. I think on the continent we are at that point, where we are deciding that we are stronger if we trade together. And in trading together, we will ensure that some of the conflicts that abide and afflict our continent today will be abated.

While the rest of world is re-questioning the issue of trade and there is a rising tide of protectionism and anti-globalism, we are the continent that is saying, we still believe in trade.

We have for example, just three weeks ago the US unilaterally announced increases in steel and aluminium tariffs. Currently Africa exports to the United States around \$800 million in affected aluminium and steel products. This could affect the continent, but if we trade within ourselves, and as we know, the demand for housing, the demand for cars on the continent, is quite high, we could actually divert those uses on to the continent and grow intra-african trade.

The United States has also threatened to revoke AGOA preferences for several East African countries, affecting around \$450 million in trade, if the EAC countries do not reverse an industrialization plan to reduce imported second-hand clothing. Moreover, the “beyond AGOA” agenda for negotiations being set by the US looks likely to target individual “can do” African countries, rather than

respond to our regional groupings and integration agenda. We hope that with the AfCFTA, this will no longer be possible.

At the same time, faith is currently ebbing in the multilateral trading system. The Doha round of WTO negotiations appears more dead than ever. With the British decision to leave the European Union in 2016, confidence in regional integration processes has also suffered a blow.

The AfCFTA can help Africa weather these international changes. It marks a fundamental consolidation and rationalization of African regional policy that lets us position ourselves better. Collectively, we can wield the strength of the African continent better than we can individually. At a time when global trading system seems so uncertain, it is just common sense for us to look at the opportunities closer to home and we can make history as we do that, and ensure that youth have jobs for themselves.

With the AfCFTA, Africa assures that it can claim its economic importance on the global stage.

Obviously the AfCFTA is a tremendous opportunity for businesses in Africa, but it is also much more than this.

One of the biggest challenges we face in Africa is in leveraging the tremendous latent resources of our large and growing youth population. All too frequently our youth are left under-employed in jobs that do not make the most of their potential. Yet our exports to countries outside the continent is dominated by capital-intensive goods, and especially petroleum fuels and extracted minerals. These produce little in the way of employment for the continent.

Intra-African trade is different. It is far more labour intensive. Manufactured goods account for 42 percent of intra-African exports, compared to just 14 percent for our exports to outside the continent. If we want to industrialise, if we want to

diversify, if we want to create the needed jobs for our young population this is the way forward.

The benefits are not limited to the manufacturing sector. The delivery of services now accounts for just under 60 percent of African GDP. The AfCFTA also speaks to services. Through the progressive liberalization of service sectors, service suppliers will have access to the markets of all African countries on the same terms as if they were domestic suppliers.

The AfCFTA also promises important benefits for women of the continent. Over two-thirds of informal cross-border traders in this continent are women. These women currently face considerable challenges and risks, harassment and abuse, because they operate principally through informal networks. The AfCFTA will simplify the cross-border trading regime and create a better environment for women traders in Africa. It will also enhance domestic resource mobilization, because as we trade more with each other, we can equally ensure that our current accounts improve and our revenues are increased, as we transform these informal female traders into bona fide real private sector elements of our society that contribute their share to the Government's coffers and also benefit from the structures that are put to ensure that trade is free and fluid.

Excellencies

Distinguished Ladies and gentlemen

The assembly of our leaders from across the continent today is a profound demonstration of commitment to the AfCFTA at the highest policy-making level. It tells the world that when their faith is wavering, Africa has not lost its own faith in regional integration and the future of our continent.

While we mark the important progress made, the road does not end here today. Critical steps remain:

- We must develop the national schedules for tariff reduction in trade in goods and for priority services;
- We must complete the annex on rules of origin,
- Above all, we must ensure that the agreement is ratified through our respective national processes. The challenge for us will be to see, and the world is watching, how many of us actually in the 180 days are able to ratify the AfCFTA, I think this is the big challenge we pose to ourselves as we leave here this week.

Moreover, we must do so rapidly. We must not lose the momentum and buy-in of our leaders and policymakers, and the private sector in particular. This essentially after all is for the private sector, so they can create jobs, and ensure that our continent continues to grow. So let's work diligently, and ECA commits to continue working, to ensure that we make those dates, and make them with the pride Africa deserves to have, as we continue to make history and put Africa in history.

Excellencies

Ladies and Gentlemen

Honourable Ministers

Allow me to conclude by making one point which basically just repeats what the Minister has said on the Post-Cotonou Agreements between Africa and Europe, the negotiations on which will begin this year. The signing of the AfCFTA is a landmark and we must ensure that any other agreements that come alongside, behind or with this, ensure the harmony of the AfCFTA, ensure that Africa as one goes into these negotiations. As In 1944 and 1947, where Africa did not have that much of a seat when we discussed trade negotiations, I think 2018 will be the year when Africa begins to speak as one voice, with the power that its economies

yield, on the discussions around trade, and we must ensure that the AfCFTA and any other agreement that comes behind it, is protected within that framework.

It goes almost without saying that the ECA stands ready to provide all the necessary support to the governments of Africa to make the AfCFTA a reality, and we must thank the African Union, and all its associated parties, especially the Commissioner for Trade and Industry, for all the work that he has allowed us to do, so wholeheartedly together. Collectively – as policy makers, technical partners and the private sector – we can ensure that the AfCFTA is effectively implemented for the benefit of the whole of Africa.

In the land of a thousand hills, where we stand today, let us together, as one community, ensure that as Rwanda has connected its hills, we ensure the AfCFTA build bridges that bind us more and deliver jobs and prosperity for our citizens. Again we will be making Africa history in 2018 if we sign the AfCFTA.

I thank you for your kind attention.