



African Union



co-organised by African Union Commission and the Coalition for Dialogue on Africa



Stakeholder Dialogue on Continental Trade and Strengthening Implementation of the African Continental Free Trade Area (AfCFTA)



EXECUTIVE SUMMARY AND OUTCOMES





Background Information

The African Continental Free Trade Area (AfCFTA) is a landmark initiative with the potential to bring sustainable transformative change to Africa by promoting regional trade, and assisting African countries to achieve robust economic growth and sustainable development. With this in mind, the Stakeholder Dialogue on Continental Trade and Strengthening Implementation of the AfCFTA was co-organised by the African Union Commission (AUC) and the Coalition for Dialogue on Africa (CoDA). The aim was to ensure that all African stakeholders including AU Member States, their Regional Economic Communities (RECs), continental private sector representatives, Business Member Organizations (BMOs) as well as civil society organisations all have a functioning platform to undertake regular multi-stakeholder consultations towards ensuring inclusive trade policy-making and effective implementation of the AfCFTA.

Although stakeholders' participation in trade policy-making has improved over time, many challenges still remain. These challenges require further and sustained efforts by all concerned parties. The purpose of the dialogue was therefore to address them and further enhance stakeholder engagement on the implementation of the AfCFTA. It also aimed to achieve the following:

- a) Build knowledge and expertise of all stakeholders on priority trade issues of the AfCFTA;
- b) Improve regular information flow on trade issues to key stakeholders, and suggest a framework for the establishment of the AfCFTA National Committees;
- c) Improve co-ordination among relevant government ministries and agencies including through clear mandates and assigning of responsibilities;
- d) Improve the participation opportunities for stakeholders in the work programme of the AfCFTA; and
- e) Strengthen the culture of dialogue and inclusiveness.

The six themes discussed at the stakeholder dialogue are pertinent to African trade priorities and allowed for a comprehensive exchange of views at experts' level. These views were developed into key outcomes endorsed by the stakeholders themselves.

Key Elements Required to Establish an Efficient and Active Continental Free Trade Market

Establishing an integrated African market requires more than just the removal of tariffs through a Free Trade Agreement. Hence, while reducing other trade barriers on African exports such as tariffs remains important, research on trade costs in Africa suggests that African countries will not be able to benefit from them unless other trade costs and non-tariff barriers, such as technical barriers to trade, corruption, underdeveloped institutions, constraints on business competition, and weak governance, which are among the highest in the world for African countries, are reduced. In addition, issues related to trade infrastructure must be addressed. World Bank (2008) suggested that an upgrade of the road from Bangui in the

Central African Republic to Kisangani in Congo DR is expected to increase the volume of trade by 7.93 %.

The session began by framing an 'Efficient and Active Continental Free Trade Market' with introduction to the key elements required to establish the agreement. It went beyond tariff liberalization and focused on the other key ingredients which are necessary for an efficient African integrated market. Expected outputs included identification and prioritization of recommendations to remove non-tariff barriers as well as address the trade and trade-related infrastructure constraints.





Outcomes of the Session:

- a) There is need to strengthen the Pan-Africanism spirit and political will in the driving of the African integration agenda therefore an inclusive stakeholder engagement programme is critical in order to build ownership and sustained momentum during the implementation phase;
- b) There is need for private sector involvement in all stages of the AfCFTA process to ensure smooth operationalization, implementation and monitoring;
- c) Improving transport corridors is crucial to a working continental trade agreement;
- d) There is need to empower the RECs to enable them to drive the AfCFTA process within their respective regions including working with the AUC on achieving the goals of universal signature, ratification and domestication of the AfCFTA Agreement;
- e) There is need to advance the free movement of people/labour in Africa building on regional experiences as this supports the realization of AfCFTA (no visa requirements within Africa for Africans);
- f) Tariff reduction or elimination alone is not a sufficient condition to bring the anticipated results of AfCFTA. Attention should also be paid to other issues such as rules of origin, NTBs, standardization and harmonization of trade policies, transportation regulations and other supply side constraints;
- g) There is need to strengthen the role of media and enhance the use of ICT in awareness, implementation and monitoring of programmes for the AfCFTA; and
- h) There is also a need to harness the momentum for progressive liberalization and to move towards a continental customs union as envisaged by the Abuja Treaty. The AfCFTA is only one step. Therefore implementation of the AfCFTA should facilitate this transition.



IMPROVING TRANSPORT
CORRIDORS ARE
CRUCIAL TO A
WORKING CONTINENTAL
TRADE AGREEMENT



Session 2:

Industrialization through Trade with a Focus on the Regional Value Chains and Skills Development

Africa's experience with industrialization continues to be disappointing. Globally, the share of manufacturing in total output rises with per capita income until countries reach upper-middle-income status, then declines as services become more prevalent at higher income levels. This has not been the case in Africa. The manufacturing value addition remains low hovering below 15% in the past four decades. In 2017, Africa's average share of manufacturing value added in the gross domestic product (GDP) was 10.7%, 4.2 percentage points less than 14.89% of 1995. The share of manufacturing exports in Africa's total exports similarly declined from 25.6% in 1995 to 24.2% in 2017. Several studies have concluded that one way to address the underperformance of the manufacturing sector in the continent is to establish regional value chains. More specifically, the session looked into the past experience of value chains

in Africa and drew lessons to help develop more inclusive value chains in the AfCFTA market and ensure that regional production networks create win-win outcomes for all. It also worked to address several questions - How would the distributional impacts of trade and integration be addressed? And what social safety nets and skills policies need should put in place?

Using key findings and national experiences, the session discussed 'Industrializing through Trade with focus on the Regional Value Chains and Skills Development' by evaluating what the policy and program options and challenges are. Expected outputs from this session included policy recommendations on options to enhance regional value chains in the AfCFTA so as to ensure fair and equitable distributional impacts for all participating countries.

Outcomes of the Session:

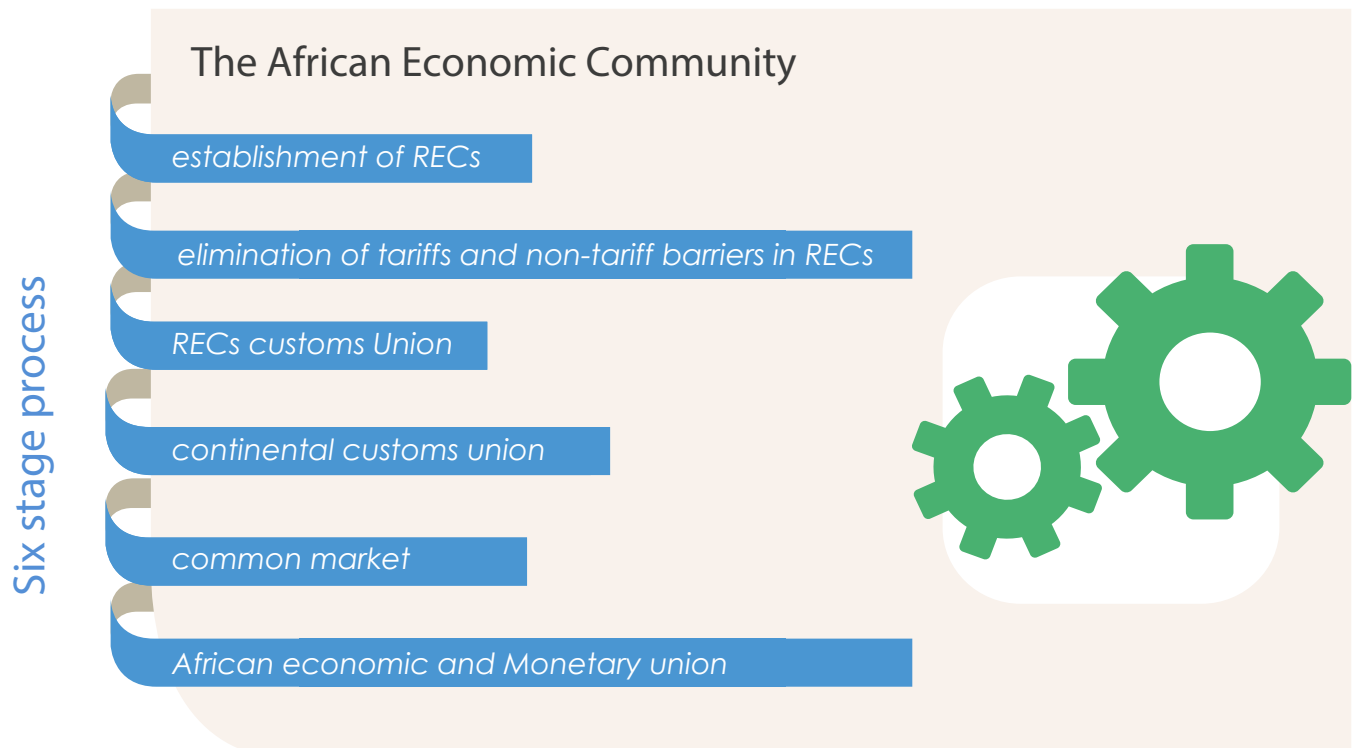
- a) There is need to first get the conviction of the AfCFTA vision and work towards achieving Africa's industrialization and structural transformation;
- b) Africa has a great potential under the AfCFTA implementation to identify flagship continental value chain projects building on regional experiences in order to boost the intra-African trade;
- c) There is potential to expand the product diversity in Africa with the large market, booming demand for African design and fashion industries, agro-based industries, inter alia;
- d) There is need to improve business climate and trade facilitation in Africa with a focus on boarder clearance logistics, transport and market access and entry including the NTB reporting, monitoring and elimination mechanisms;
- e) AU Member States and all stakeholders should promote 'Made in Africa' connected to their national branding efforts.



Session 3 & 4:

Do the Programmes of the RECs and the AfCFTA Contribute to the Realization of African Mechanisms including the Abuja Treaty? & Alignment of Programmes and Projects Between the AUC and RECs

The Abuja Treaty of 1991 Establishing the African Economic Community envisages a six stage process: establishment of RECs, elimination of tariffs and non-tariff barriers in RECs, RECs customs Union; continental customs union, common market and finally, African economic and Monetary union. The third session sought to enhance the knowledge of participants about the various programmes developed and implemented by RECs and the AfCFTA and how they contribute to the realization of the Abuja Treaty. Correspondingly, the fourth session which was within the same context of alignment worked to contribute to the discussions. The main expected outputs of both sessions were thus the enhanced understanding of the linkages between the Abuja Treaty, the AfCFTA and the various Programmes of the RECs.





Outcomes of the Session:

- a) Article 19 paragraph 2 of the agreement establishing the CFTA focuses on the role of the RECs in the context of the AfCFTA. This article provides recognition of the role of the RECs, their co-existence, complementarity and synergies with the AfCFTA in achieving the collective integration of the continent. However, Article 19 does not provide the detail of the interface between the RECs and the AfCFTA – this has to be developed and agreed by the member states.
- b) Notification of the implementation of commitments by the governments as well as their Monitoring and Evaluation (M&E) is fundamental to good governance. This provides transparency, and thus supports accountability of member states to stakeholders such as the private sector. Lessons from RECs can be very useful in the design of the notification, M&E protocols and providing guidance on what to do when member states are not meeting their obligations and commitments;
- c) Development of appropriate regulatory institutions and frameworks including services regulations at the national and regional levels appear to be more consistent than at the continental level. Hence the need to focus on this dimension; – the regulatory infrastructure has to include services sectors, standards/quality infrastructure, as well as competition, investment and intellectual property rights matters;
- d) Dispute resolution is important for a rules-based governance system of trade and integration. At this stage, inter-state dispute resolution is included in the AfCFTA but it should be ensured that the private sector also has access to dispute resolution. This would allow its representatives to address their challenges and bring their cases against the government in case of non-implementation;
- e) The establishment of a platform which celebrates African champions who work on free trade is necessary to help build a stronger link to the private sector;
- f) Proposed strengthening of the continental standards body through ensuring universal membership;
- g) The AUC can benefit from the best practices of the RECs;
- h) Activities such as trade fairs and similar advocacy efforts aimed at increasing the mentality to buy African products is recommended;

Gender and Youth Empowerment Dimensions of the AfCFTA

Women and the Youth play a key role in trade in Africa' economy and are essential to Africa's success in exploiting its trade potential. In many countries in Africa, the majority of small farmers are women, who have enormous potential for increased trade between African countries and with the global market. Women are also involved in trading and providing services across borders. For example, the International Centre for Trade and Sustainable Development (ICTSD) 2018 estimated that 70 percent of cross-border traders in the South Africa Development Community (SADC) are women and similarly high rates have been reported for other regions on the continent. Also, Africa is the fastest growing and most youthful population (over 60 percent of the population is currently younger than 25 years) in the world with implications for job creation and stability.

The session sought to align cross-cutting issues of gender and youth in the AfCFTA. The session discussed the conditions that prevent women and youth from exploiting the full potential of trading and the parameters under which they can capitalize on the AfCFTA to increase production and the supply of services, such as open access to information on trade rules and regulations. The Session also explored the intra-African trade-youth unemployment nexus in Africa.

Outcomes of the Session:

- a) Several RECs have a Simplified Trade Regime (STR) for small-scale traders (which in many sub-regions are mostly women). There is the need to introduce continental STRs for small scale traders. This can make a significant difference to small scale traders, by reducing the documentation requirements and customs and border management procedures, hence enhancing intra-regional trade;
- b) need to identify the talent for women to be contributors at all levels;
- c) Women and Youth face stumbling blocks as financing of their businesses, tax issues, need to be addressed;
- d) There is need to put in place deliberate policies that help local investors especially women and youth to become more competitive in the sector;





Session 6:

Finance and Payment Systems to Promote the AfCFTA

There are still significant deficits in meeting the demand for trade finance in Africa. The conservative estimate for the shortfall of trade finance in Africa is US\$ 110 to 120 billion. These figures suggest that the market is significantly underserved. In addition, intra-African trade is hampered by the multiplicity of currencies. While, for instance, it takes just a few minutes to wire money from one corner of the world to another, to transact business payment across borders in Africa may take days, weeks or even months. This may be a key impediment to the realization of expanded intra-Africa trade through AfCFTA.

Panelists on this session discussed options to increase the availability and enhance accessibility of intra-African trade and investment finance and guarantee programmes as well as facilitating payment between African traders. The main expected output of this session was the identification of clear recommendations and actions to address the issue of financing and payment systems with a view to further expanding intra-African trade.

Outcomes of the Session:

- a) There is need to boost trade financing in order to enable SMEs to take advantages of the opportunities under the AfCFTA;
- b) There is need for expanded investment guarantee products in Africa;
- c) There is need for African countries to maintain stability in the management of their macroeconomic policies with a view of supporting the AfCFTA.
- d) There is potential to enhance Africa's capital markets through the establishment of a virtual Pan-African Stock Exchange in the short-term.
- e) Sufficient funds can be mobilized from outside and within for all African development including the AfCFTA but the flow of funds to Africa will require building trust and control mechanisms including the placement of African funds in suitable African financial institutions;
- f) There is the need to enhance and deepen the payment system in support of the AfCFTA;
- g) The AUC is urged to accelerate its work on the promotion of the establishment of the African Central Bank with a view of creating a common currency (interim/ hybrid) for the continent.

PROGRAMME OF WORK

08h30 - 09h00	Registration of Participants
09h00 - 09h20	<p>Opening Session</p> <p>Welcoming remarks by H.E. Olusegun Obasanjo. Former President of the Federal Republic of Nigeria & Chair of the CoDA Board of Directors</p> <p>Opening Remarks by H. E. Moussa Faki Mahamat, Chairperson, African Union Commission (AUC)</p>
09h20 - 10h20	<p>Session 1: Key Elements Required to Establish an Efficient and Active Continental Free Trade Market</p> <p>Presentation by African Union Commission, Department of Trade and Industry</p> <p>Panel members: ECOWAS, ECCAS, UNECA and Trade Mark East Africa</p> <p>Open discussion moderated by AUC</p>
10h20 - 11h20	<p>Session 2: Industrializing through Trade with focus on the Regional Value Chains and Skills Development</p> <p>Presentation by: UNCTAD</p> <p>Panel members: SADC, EAC, General Confederation of Enterprises of Morocco, and Chief Trade Negotiator and Senior Advisor to the Prime Minister - Ethiopia</p> <p>Open discussion moderated by UNCTAD</p>
11h20 – 11h30	Coffee break
11h30 - 12h30	<p>Session 3: Do the Programmes of the RECs and the AfCFTA Contribute to the Realization of African Mechanisms including the Abuja Treaty?</p> <p>Presentation by COMESA</p> <p>Panel Members: CENSAD, TRALAC and Mauritius Chamber of Commerce and Industry</p> <p>Open discussion moderated by CoDA</p>
12h30 - 13h30	<p>Session 4: Alignment of Programmes and Projects Between the AUC and RECs</p> <p>Presentation by AUC, Department of Economic Affairs</p> <p>Panel Members: IGAD, UMA and Association of Financial Institutions of Burundi (ABEF)</p> <p>Open discussion moderated by the Manufacturers Association of Nigeria</p>
13h30 - 14h30	Lunch Break

14h30 - 15h30	<p>Session 5: Gender and Youth Empowerment Dimensions of the AfCFTA</p> <p>Presentation by AUC, Women, Gender and Development</p> <p>Panel Members: Open Society Initiative for West Africa (OSIWA), Tanzania Women Chamber of Commerce and Albida International LLC</p> <p>Open discussion moderated by Zambia Association of Manufacturers</p>
15h30 - 16h30	<p>Session 6: Finance and Payment Systems to Promote the AfCFTA</p> <p>Presentation by African Development Bank (AfDB)</p> <p>Panel Members: Angola Cables, Tigui Mining, Kenya Association of Manufacturers and Agence pour la Promotion des Investissements au Mali (API-Mali)</p> <p>Open discussion moderated by AfDB</p>
11h20 – 11h30	<p>Coffee break</p>
17h00 - 18h00	<p>Adoption of the Outcomes and Closing Session</p> <p>Presentation of the Outcomes by H.E. Olusegun Obasanjo. Former President of the Federal Republic of Nigeria & Chair of the CoDA Board of Directors</p> <p>Closing remarks by African Union Commission, Department of Trade and Industry</p>



LIST OF PARTICIPANTS

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About Us

CoDA is an independent platform for dialogue and debate among State and non-State actors, established as a joint initiative of the African Union Commission, the UN Economic Commission for Africa and the African Development Bank. CoDA identifies and discusses issues of importance to Africa's development within a global context. It furthers the work of the African Union Commission and fosters reflexion and inclusive dialogue that advocates for the continent, brings together a range of stakeholders to promote for African voices to be heard. It informs policy making on the continent and works in collaboration with other African and international organizations in addressing issues pertaining to governance and development. CoDA is housed at AUC Headquarters and is governed by a Board of eminent African and non-African-personalities. It receives support from the African Union Commission, the UN Economic Commission for Africa, the African Development Bank and the private sector.



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