I. Background and Rationale

1. Trade data and statistics are critical to the exchange of goods and services across borders as price and quality differentials must be sufficient to offset the cost in terms of time and transport. Modern trade information systems around the world provide policy makers, importers, exporters, retailers and investors with up-to-date and profit-making knowledge that helps grease the wheels of globalization. The lack of up-to-date and reliable trade data and statistics has been recognized as one of the contributing factors to the low level of official intra-African trade (estimated at around 14% for imports and 18 for exports% in 2015) as well as Africa’s limited share in global exports (around 2.6 %) in 2017. There are occasions where goods and services, which could be sourced from other African countries, are imported by African countries.

2. Trade information systems in Africa have traditionally been oriented towards the exterior; mainly to Europe, the Americas, the Middle East and Asia. In addition, an important bulk of intra-African trade has gone largely unrecorded, partly due to the predominance of informal trade.

3. An increasing number of African countries are gradually establishing national trade information portals and systems and some RECs are progressively moving in the same direction. However, several challenges remain, including: outdated information; uniformity of data; limited expertise in data and information collection, processing and analysis; absence of data and information on non-tariff measures and, most importantly, on informal trade and limited collaboration between various government agencies as well as between Member States and RECs.

4. Most importantly, there is presently no central repository providing exhaustive qualitative and quantitative trade information at the continental level to enable policymakers, business support organisations and the private sector to make evidenced-based and informed policies and business decisions.

5. Decision Assembly/AU/Dec.394 (XVIII) to establish a Continental Free Trade Area (CFTA) and to endorse the Boosting Intra-Africa Trade (BIAT) Action Plan was adopted on January 18th, 2012. The Architecture of the AfCFTA includes, among others, the establishment of the African Union Trade Observatory (ATO), to be located within the Department of Trade and Industry of the AU Commission. An important milestone was reached on March 21, 2018 with the adoption and signing of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) through Decision Ext/Assembly/AU/Dec.1(X). In this context, the need for an ATO, which not only provides updated and reliable quantitative and qualitative trade data and information to support evidence-based policies and business decisions, but also facilitates the monitoring of the implementation process of the AfCFTA and its impact, becomes even more relevant and crucial.
II. Overview

A. Main functions

6. The ATO will serve as the main repository of qualitative and quantitative African trade data and information and will perform the following functions:
   a) Collect trade and trade-related qualitative and quantitative data and information from Member States and other sources.
   b) Analyse trade and trade-related data and information, focusing on emerging issues such as regional value chains.
   c) Establish a database for African trade that is used to publish and disseminate information on intra-African trade.
   d) Monitor and evaluate the implementation process and impact of the AfCFTA and the BIAT.
   e) Provide relevant and detailed trade and trade-related information for the private sector.

7. Data and information made available through the ATO will include primarily: 1) Merchandise trade flows at the most detailed level including rates of utilization of intra-Africa tariff preferences; 2) customs duties (applied, preferential and bound rates); 3) Rules of Origin of intra-regional preferential rates at the product level; 4) Non-tariff measures (NTMs) including information on various market regulations; 5) Trade remedies taken by countries; 6) Internal taxes including VAT, excise tax and others; 7) Commodity prices and exchange rate indicators and 8) Trade-related performance indicators including growth rates, market shares, market concentrations and regional trade integration indexes.

8. Upon completion of the Project, the ATO system will comprise of :
   - A Dashboard with two modules;
   - A Data quality and Information Transfer System supported by a Network of national and regional data providers;
   - ATO Unit; and
   - An Advisory Board chaired by the AU Commission.

B. Alignment and synergies with RECs other similar initiatives

9. To date, five of the eight recognized RECs, (COMESA, EAC, ECOWAS, SADC and IGAD) have set up platforms that provide, semi-annually or monthly, trade information from the Member States. In addition, COMESA and ECOWAS also have Community Information Centres (CIC). Also, the Tripartite has a website on Non-Tariff Barriers on Trade in Goods.

10. At the AU level, several Departments and institutions deal with statistics at the continental level:
   - AUC Department of Economic Affairs (Division of Statistics) which will be merging with the Department of Trade and Industry in 2011 as per the Decision of AU Heads of State and Government during their 11th Extraordinary Session of their Summit in November 2018;
• AU Institute for Statistics, Tunisia, to support of the African Integration Agenda through the implementation of the revised Strategy the Harmonisation of Statistics in Africa (SHaSA); and
• Pan-African Training Centre on Statistics (Cote d’Ivoire).

11. In a near future, it is anticipated that the future AfCFTA Secretariat will handle trade information related to the AfCFTA Agreement. Furthermore, it is envisaged under the AfCFTA a Non Tariff Barriers Reporting Mechanism, Monitoring and Elimination Mechanism, with a component on dissemination of information on Non Tariff Measures. This Project is supported by UNCTAD.

12. Outside the AU Commission, we have the following:
• Africa Regional Integration Index (ARI) jointly implemented by AUC, AfDB and UNECA;
• Observatoire économique et statistique d’Afrique subsaharienne (AFRISTAT)
• UNECA: Observatory on Regional Integration in Africa (ORIA); African Trade Policy Centre (ATPC); AfCFTA Country Business Index and the African Centre for Statistics; and
• The African Export Import Bank (Afreximbank) is also working on establishing a trade portal.

13. In order to address the challenge of ensuring synergies, it is envisaged a Data and Trade Information Transfer System as well as the Network of national and regional data providers under the ATO. Also, there will be Project Steering Committee/Advisory Board with representation from the main stakeholders and partners.

C. Sustainability

14. To ensure the sustainability of the ATO Projet, a capacity building programme, which will include among others an extensive “training of trainers” programme, will be rolled out to build the skills of stakeholders and support institutions across the continent.

15. The AU Commission will contribute to the implementation of the Project by mobilizing resources for the cost of ATO staff as well as for sensitization and awareness and consensus building activities, which will involve all partners and stakeholders, including Member States, RECs, Private Sector Organizations, Research Institutes and Think-tanks. The AU Commission also plans to strengthen the capacity of RECs to provide information by supporting the posting of an economist/statistician within the RECs Secretariat.

III. Status of Implementation of the Project
A. Identification of implementing partners
  1) International Trade Centre (ITC)

16. ITC has been identified as the technical partner to accompany the AU Commission in the design and establishment of the ATO through: (1) finalization of technical papers and Project documents; (2) development of the ATO Dashboard (Module 1 and 2), to be hosted at the AU Commission; (3) setting-up of a network of national and regional data
providers; (4) establishment of the Trade Observatory Unit, which will be responsible for the day-to-day administration of the ATO; and (5) design and implementation of a capacity building plan and training of trainers programme for ATO staff, the network of national and regional trade data providers and the network of trade experts.

2) European Commission
17. The EC has indicated its interest in providing financial support for the implementation of the ATO under the Pan-African Programme, which aims to support a number of priorities including continental integration.

3) RECs
For the implementation of the Project, it is envisaged that RECs will play a key roles in collating and channelling data and information to the AU Trade observatory. In this regard, the AU Commission will undertake institutional capacity strengthening to enable the RECs to fully play their role.

B. Development of the Concept Note and Description of the Action
18. These two documents have been jointly developed by the AU Commission and ITC with the technical support of the Commonwealth Secretariat administered Hub & Spokes Programme II, in consultation with the main stakeholders.

C. Consultations and sensitization of key stakeholders
- AU-USAID BIAT Workshop on Trade Finance and Trade Information in Africa, September 2017, Dar Es Salaam, Tanzania;
- Consultative Meeting with key partners and stakeholders, July, 2018, Addis Ababa;
- Sensitization of the AU DG Customs Subcommittee, September 2018, Moroni, Comoros;
- Progress Report presented to the AU Specialized Technical Committee on Trade, Industry and Minerals, October 2018, Addis Ababa, Ethiopia;
- Presentation to Senior Trade Officials during the AMOT Meeting, December 2018; Cairo, Egypt ;
- Sensitization during the inaugural Intra-African Trade Fair (IATF2018), December 2018, Cairo, Egypt; and
- Consultative Meeting with key partners and stakeholders, January 25, 2019, Addis Ababa.

D. Next steps
- Finalization of the Description of the Action by January 31, 2019 ;
- Signing of the Joint Letter of intent ;
- Signing of the Contribution Agreement between the EC and ITC and
- Implementation of the Project.
In between, there will be sensitization and awareness as well as consensus building activities, involving all partners and stakeholders, including Member States, RECs, Private Sector Organizations, Research Institutes and Think-tanks, to ensure a smooth implementation of the Project and functioning of the ATO.