

Annexure 1



Creating One African Market

**Concept Note
On the
Preparatory Meetings for Commencement
of Trading**

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1: INTRODUCTION

1. In accordance with the mandate from the Assembly of AU Heads of State and Government, the commencement of trading under the African Continental Free Trade Area (AfCFTA) shall be 1 January 2021. The trading is to be effective and meaningful and cover at least 90 percent of tradeable products.
2. Given the imminent commencement of trading under the AfCFTA, the Secretariat of the AfCFTA has a duty to assist State Parties in the implementation and operationalization of the AfCFTA, in particular, the customs provisions and related instruments.
3. Towards this end, the Secretariat shall convene in Accra Ghana a series of meetings to deliberate on, among others the commencement of trading and the requisite implementation structure, documents and processes. Virtual participation in the meetings will be available for participants who are unable to travel to Accra.
4. The outputs and outcomes of these deliberations shall be presented to the 13th Extra-Ordinary Session of the Assembly scheduled for 5 December 2020, in South Africa.
5. This concept note provides the background, objective, timelines, budget and all other relevant information regarding these meetings.

2: BACKGROUND

1. The Agreement establishing the AfCFTA was signed in March 2018, in Kigali Rwanda, following conclusion of the main legal texts. 54 Member States of the African Union have signed, and 28 countries have deposited their instruments of ratification with the Chairperson of the African Union Commission. The Agreement entered into force on 30 May 2019 following the deposit of the 22nd instrument of ratification with the Chairperson of the African Union Commission.
2. The main objectives of the AfCFTA are to create a single market for goods and services, facilitate the movement of persons, promote industrial development and sustainable and inclusive socio-economic growth, and resolve the issue of multiple membership, in accordance with agenda 2063. It lays a foundation for the establishment, in future, of a Continental Common Market.
3. This is to be attained through the progressive liberalization of tariffs and elimination of non-tariff barriers; efficiency in customs clearance and trade facilitation; cooperation in investment, intellectual property and competition policy; and the establishment of a dispute settlement mechanism.

4. The operational phase was launched, by the Assembly, in July 2019. However, the start of trading, as decided by the Assembly, was to take effect on 1st July 2020, upon completion of the tariff negotiations among the State Parties. The decision on implementation was made before the onset of the COVID-19 pandemic, which caused disruption to, among others, the negotiations on tariff offers and conclusion of the Rules of Origin. As negotiations are now progressing, on behalf of the Assembly of Heads of State, the Bureau of the Assembly of Heads of State directed that trading under the AfCFTA should commence on 1 January 2021.
5. The State Parties are committed to implement the African Continental Free Trade Area (AfCFTA) Agreement, which along with other elements of the Action Plan for Boosting Intra-Africa Trade (BIAT) and Agenda 2063, will forge deeper integration among them.
6. There are immense gains to be reaped by the continent through the Agreement. Analyses by the UNECA have shown that the AfCFTA could elevate regional trade levels up from 18% to 25% within a decade; increase intra-African trade by about USD 35 billion per year; decrease imports from outside the continent by about USD 10 billion; and boost agriculture and industrial exports by USD 45 billion and USD 21 billion, respectively. Equally important, the dividends in real income and employment could be twice as large, if the AfCFTA is complemented by trade facilitation reforms, reduction of non-tariff barriers, improved infrastructure and measures to counter-balance some of the negative effects associated with liberalisation reforms such as loss of tariff revenues.
7. Effective customs administration will determine the degree to which the AfCFTA objectives are realized. Many African countries have improved their customs regimes, guided in particular by the principles underlying the World Customs Organization (WCO) and the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO), but challenges remain. Customs administrations, no doubt, have been taking on greater and broader roles of trade facilitation, which requires adopting specific practices to allow seamless flow of trade.
8. It has been estimated that the cost of trade activities in developing countries is on average nearly double that in developed countries, and that these costs arise from non-tariff barriers (NTBs) such as inefficient customs procedures and inadequate transport and communications infrastructure, and not always from higher tariffs. Furthermore, goods (and people) are crossing borders with more frequency, and speed to market is of great importance for both supply chain participants and end consumers.
9. African Union Member States have undertaken several types of customs reform, including using online single window systems to streamline customs paperwork and improve transparency; adoption of Authorized Economic Operators (AEO) programs and risk assessment tools to speed customs clearance at border checkpoints; and efforts at harmonizing customs processing among regional trading partners.

10. However, there are discrepancies between the Member States regarding their ability to undertake customs reforms, especially as efforts by some states to improve customs are fraught with weak infrastructure and regulatory environments while some of the more capable states have established single electronic customs windows in spite of difficulties.
11. The AfCFTA Secretariat has thus, a duty to support State Parties in the implementation and operationalization of the AfCFTA, in particular, the customs provisions and related instruments.
12. To this end, the Secretariat shall organise a number of meetings in Accra, Ghana during the month of November 2020. The objectives of the meetings, timelines, participants, budget, administrative and other relevant information are set out below.

3: THE MEETINGS AND SCHEDULE

1. The following meetings shall be convened by AfCFTA Secretariat in Accra, Ghana:
 - 3rd meeting of the AfCFTA Council of Ministers Responsible for Trade;
 - 4th meeting of the Senior Trade Officials;
 - 1st meeting of the Directors-General of Customs Administrations; and
 - 1st meeting of the Committee on Trade in Goods, jointly with the Sub-committee on Trade Facilitation, Customs Cooperation and Transit.
2. These meetings are scheduled as follows:
 - Meeting of the Committee on Trade in Goods jointly with Sub-committee on Trade Facilitations Customs Cooperation and Transit, 13-17 November, 2020¹;
 - Meeting of the Directors- General/ Heads of Customs 16-17 November 2020;
 - Meeting of the Senior Trade Officials 18-19 November 2020; and
 - Meeting of the AfCFTA Council of Ministers 20 November 2020

4: OBJECTIVE OF THE MEETINGS AND RECOMMENDATIONS

1. The overall objectives of these meetings are to agree on: the operationalization of the customs provisions in the Agreement establishing the AfCFTA; the Protocol on Trade in Goods and related annexes particularly, Annex 1 on tariff reduction schedules; Annex 2 on Rules of Origin; Annex 3 on Customs Cooperation and Mutual Administrative Assistance; Annex 4 on Trade Facilitation; Annex 8 on Transit and any other matter related to border clearance.
2. The specific objectives of the meetings are to develop recommendations on the issues in 4.1 above, for consideration and adoption by the AU policy organs.

¹ The officials will join the meeting of Directors-General/ Heads of Customs on 16-17 November 2020.

5: PARTICIPATION AND OTHER DETAILS

1. The Meetings will draw the following participants:

- Ministers responsible for the AfCFTA from all AU Member States;
- The Directors-General / Commissioners/ Heads of Customs of all the African Union Member States;
- Trade in Goods and Customs experts from the Customs Departments of Member States and of the RECs
- The Secretary-General and experts from the WCO;
- Experts from the UNECA, AFREXIM BANK, the AfDB; and
- Development Partners.

2. Venue and dates

- The meetings shall take place in Accra, Republic of Ghana from 13-20 November 2020.

3. Cost of participation

- The AfCFTA Secretariat will provide a return ticket, by the most direct and economical route, and DSA at applicable AU rates for 1(one) Customs Expert; 1(one) DG/Head of Customs; 1(one) STO and 1 (one) Minister from each of the AU Member States. Member States may fund additional officers on their delegations as appropriate. Costs of health insurance and others incidental to the travel for the meetings will be borne by the participants. The Secretariat will bear the cost of mandatory COVID-19 tests at the Kotoka International Airport.
- The Secretariat will appreciate receiving the names, designation, email address of the participants by Friday 6th November 2020

4. Information

- For more information on these meetings, the following staff members of the AfCFTA Secretariat can be contacted:

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