



MEDIA ADVISORY

Signing of the Joint Letter of Intent between the African Union Commission, the European Union (EU) Commission, the International Trade Centre (ITC) and Regional Economic Communities (RECs) for the implementation of the African Union Trade Observatory (ATO) Project

INVITATION TO REPRESENTATIVES OF THE MEDIA

When: Saturday 9th February 2019

Where: Media Briefing Room – AUC Headquarters, Addis Ababa, Ethiopia

Who: The Department of Trade and Industry of the African Union Commission, the European Union (EU) Commission, the International Trade Centre (ITC) and Regional Economic Communities (RECs)

Objective:

- The Joint Letter of Intent confirms the mutual intention of the AU Commission, the EU Commission, ITC and RECs to cooperate for the establishment of the African Union Trade Observatory under the AU Commission, Department of Trade and Industry.
- The signing ceremony follows the decision by the EU to allocated EUR4 million to fund the establishment of the AU Trade Observatory as part of EU overall support for the African Continental Free Trade Area (AfCFTA) estimated at EUR50 million. The AU Commission will also contribute to the Project through the costs for the staff of the Trade Observatory as well as group training, awareness and sensitization activities.
- Key partners in the implementation of the trade Observatory Project are: the AU Commission, the EU Commission, ITC and the RECs.
- The AU Trade Observatory, which is part of the AfCFTA Architecture, will serve as the main repository of qualitative and quantitative African trade data and information and will bridge the current trade information gap that exists across

Africa and constitutes one of the main impediments to intra-African trade and an explanation to the current low level of intra-African trade.

- Upon completion of the Project, which will run over a period of 56 months, the ATO system will comprise of :
 1. A Dashboard with two modules;
 2. A Data quality and Information Transfer System supported by a Network of national and regional data providers;
 3. A Trade Observatory Unit; and
 4. An Advisory Board chaired by the AU Commission.

Participants: Commissioner for Trade and Industry, H.E.Amb. Albert M. Muchanga, representing H.E.M. Moussa Faki Mahamat, Chairperson of the AU Commission; H.E.M. Neven Mimica, EU Commissioner in charge of International Cooperation and Development; Dr. Arancha Gonzalez, Executive Director of ITC and the Chief Executive Officers of the RECs.

Background:

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.

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.

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.

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.

The mandate to establish the Trade Observatory was given by AU Heads of State and Government in 2012 as part of 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, a Trade Observatory to be located within the Department of Trade and Industry of the AU Commission.

With the adoption and signing of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) through Decision Ext/Assembly/AU/Dec.1(X) on March 21, 2018 w. 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.

Purpose:

The African Union Trade Observatory will perform the following functions:

1. Collect trade and trade-related qualitative and quantitative data and information from Member States and other sources.
2. Analyse trade and trade-related data and information, focusing on emerging issues such as regional value chains and e-commerce.
3. Establish a data base for African trade that is used to publish and disseminate information on intra-African trade.
4. Monitor and evaluate the implementation process and impact of the AfCFTA and the BIAT.
5. Provide relevant and detailed trade and trade-related information for the private sector.

Media representatives are invited to cover the Press Conference.

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