

AFRICAN UNION

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AIDE-MÉMOIRE

CONFERENCE OF AFRICAN MINISTERS OF TRADE (CAMoT)

21ST – 25TH OCTOBER 2013

ADDIS ABABA, ETHIOPIA

Introduction

1. It is widely accepted that trade promotes economic growth and reduces poverty in both developed and developing regions of the world, including Africa. Trade serves as a channel through which the participating countries utilize comparative advantages in their natural resource endowments and productive capacities. While trade among countries may generate growth globally, it is often the case that the aggregate benefits are not equitably distributed among the trading partners. This is evident in the case of the African continent, which is entirely dependent on the export of unprocessed raw materials and mineral resources to the developed and emerging countries to power their economic growth.

Africa's Trade Performance

2. The specific factors that have contributed to Africa's weak trade performance over the past few decades have been the focus of much debate. The reliance on very few export commodities, specifically, primary commodities represent more than 80 percent of Africa's total exports in recent years. Such high dependence on commodities creates severe constraints on growth due to commodity price volatility, a factor which is outside the control of many of these countries and beyond the scope of their domestic policies. Despite this recognition, many African countries also lack the industrial capacity for diversified manufactured goods, and are faced with inadequate infrastructure to support intra-African as well as international trade.

3. Although Africa is one of the fastest growing regions in the world at present, this growth appears to be fragile and based on distorted factors rather than sound economic fundamentals. Consequently, it has been argued that a change in the continent's trade composition, coupled with industrialization, an improvement in infrastructure, and structural transformation, would be crucial in triggering sustainable economic growth and development. UNCTAD statistics shows that the world's trade in merchandise tripled over the last two decades; however, Africa's contribution to this trade growth is minimal. While African merchandise trade did grow over the past few years - exports and imports growing by an average of 10 percent and 13 percent between 2005 and 2010, respectively, the region's share of world trade declined.

4. It could be also noted that over six decades ago, Africa contributed about 8 percent to total world exports, but this decreased to 6 percent in 1980 and 2.3 percent in 2000, before improving to 3.3 percent in 2010. This compares to developing economies in general which have witnessed a growing trend over time;

developing economies contributed 29.5 percent to global exports in 1980, which increased to 42 percent in 2010.

5. According to UNCTAD, similar trends are observed in Africa's international trade in services. Services exports from Africa increased seven-fold between 1980 and 2010, from a share of 10 percent of Africa's total merchandise and services trade to a share of 18 percent. However, Africa's services exports, as a share of global services exports, declined from 3.5 percent in 1980 to 2.5 percent in 2010. On the import side, Africa's share of global services imports decreased from 6.6 percent in 1980 to 4.4 percent in 2010, while the share from developing countries as a whole increased marginally from 32 percent to 35.7 percent over the same period.

6. The situation is even more disappointing with regards to intra-Africa trade, which has remained consistently low compared with its intercontinental trade. More than 80 percent of Africa's exports are still destined for outside markets, with the European Union and the United States accounting for more than 50 percent of this total. India and China are also important export markets for African countries and Regional Economic Communities. At the same time, Africa imports more than 90 percent of her goods from outside the continent, despite her abundant resource endowments which provide the potential to supply her own import needs.

Africa's Market Integration Efforts

8. According to the World Bank, African integration has long been recognized as an essential undertaking to address the problem of the fragmented economies on the continent. Many of these countries are small in terms of population and hence, their market sizes. The share of intra-regional goods trade in total goods imports is only about 5 percent in COMESA, 10 percent in ECOWAS and 8 percent in UEMOA. This compares with over 20 percent in ASEAN, around 35 percent in NAFTA and more than 60 percent in the EU. Africa has not achieved the potential of regional trade. Regional trade can bring staple food from areas of surplus production across borders to growing urban markets and food deficit rural areas.

9. With rising incomes in Africa there are emerging opportunities for cross-border trade in basic manufactures that are costly to import from global markets. The potential for regional production value chains to drive global exports of manufactures has yet to be exploited and cross-border trade in services offers untapped opportunities for exports and better access for consumers and firms. This unrealized potential is evidenced by the fact that a significant amount of cross-border trade does take place between African countries but it is limited to informal channels and is not captured in the official statistics. Such trade is essential for welfare and poverty reduction, since poor people, especially women and youth are

intensively engaged in the informal production and trading of the goods and services that are actually crossing African borders. Allowing these traders to flourish and gradually integrate into the formal economy would boost trade for future growth and development.

10. The major challenge for Africa today is how to diversify the export base away from dependence on commodities and implement policies that allow more people to participate in trade. This requires measures that will improve the conditions of firms and providing a coherent route towards formality. Informal sector actors must be seen as providing a coherent route to formality. The informal sector players must be seen as providing an opportunity for growth and poverty reduction rather than simply as a source of revenue loss to national governments. The growing youth populations increase the need for more inclusive and employment intensive trade and growth and at the same time offer real opportunity for Africa to harness an enormous potential advantage that can drive productivity and growth over sustained period. Further, regional integration and the boosting of intra-regional trade can play a critical role in achieving these objectives in Africa. Deeper integration of regional markets can lower trade and operating costs and relax the constraints faced by many firms in accessing the essential services and skills that are needed to boost productivity and diversify into higher value-added production and trade. Goods traded across Africa tend to be more employment intensive than minerals and the facilitation of such trade is likely to have a more direct impact on poverty in terms of the poor who both produce and trade the basic food stuffs that dominate such trade.

11. Since 2003, the Commission of the African Union undertook, within the framework of the Constitutive Act and the Abuja Treaty, the responsibility of promoting regional integration and economic development on the continent. In pursuant of this objective and in recognition of the importance of cross-border trade in promoting regional integration on the continent, the Assembly of the Heads of State and Government of the African Union adopted, during its 18th Ordinary Session held in Addis Ababa, Ethiopia, in January 2012, the Decision (Assembly/AU/Dec.394 [XVIII]) to establish a Pan- Africa Continental Free Trade Area (CFTA) by the indicative date of 2017 and also endorsed an Action Plan for Boosting Intra-Africa Trade (BIAT). This historic Summit Decision is aimed at deepening Africa's market integration and using trade to serve more effectively as an instrument for the attainment of rapid and sustainable socio-economic development, which is in line with the primary objective set for the African Union by its founding fathers

The Conference of African Union Ministers of Trade (CAMoT)

12. The Conference of the African Union Ministers of Trade (CAMoT) is the highest political and policy-making forum where issues relating to promoting intra-Africa and International trade are discussed. The Conference is organized every year and brings together the Ministers of Trade as well as Senior Trade Experts from Member States of the Union to deliberate on trade policies and programmes and, where necessary, agree on common positions on issues of relevance to Africa. Given Africa's quest to occupy its rightful position in the global arena, CAMoT is committed to undertaking collaborative initiatives designed to strengthen the continent's trade relations and promote economic growth through achieving rapid market integration through economic diversification and using industrialization as a dynamic force.

13. This year's Conference will critically examine and adopt, among others, **the strategy for the implementation of the Action Plan for Boosting Intra-Africa Trade (BIAT) and the strategic framework for the establishment of the Continental Free Trade Area (CFTA) by 2017**, which was endorsed and adopted by the Assembly of Heads of State and Government during their Summit in Addis Ababa in 2012. In addition, the Conference will deliberate on other relevant issues relating to the continent's international trade relations and partnerships such as those of the Economic Partnership Agreements (EPAs), the Africa Growth and Opportunities Act (AGOA), and the World Trade Organization (WTO). It will also serve as an opportunity for the African policy makers to agree on common positions on international trade issues prior to the commencement of the 9th WTO Ministerial Conference (MC9) in Bali in November 2013.

14. Also, given the wide interest that the issue of trade and Africa's market integration and development has generated among partners and stakeholders, a number of African and non-African international organizations and private sector operatives will attend to provide their perspectives on Africa's trade integration.

Objective of the 8th Conference of Ministers of Trade

15. The objective of this conference is bring the African Trade Ministers together to consider and endorse, among others, the strategic framework for the implementation of the Action Plan for Boosting Intra-Africa Trade (BIAT), the negotiating principles for the establishment of the Continental Free Trade Area (CFTA) and to agree on a common position on issues relating to the 9th WTO Ministerial Conference (MC9) that will be held in Bali, Indonesia, in November 2013.

Expected Outcome of the Conference

16. The Conference is expected to further reaffirm the commitments of the African Ministers of Trade on Boosting Intra-Africa Trade (BIAT) and the establishment of the Continental Free Trade Area (CFTA) through the endorsement of the Strategic Framework for BIAT as well as agreeing on the relevant issues relating to the establishment of the CFTA. In addition, the Conference is also expected to come-up with a unified African position in the run-up to the WTO Ministerial Conference in Bali in December 2013.

Programme of the Conference

17. The Draft Agendas and Work Programmes for both the Trade Senior Officials and Ministers Meetings are attached to this Aide-Memoire. The final Agendas as well as Work Programmes will be distributed to participants during the Conference.

Organizers

18. The Conference will be organized by the African Union Commission, with the support of the United Nations Economic Commission for Africa (UNECA) and the United Nations Development Programme (UNDP).

Attendance

19. The Conference will be attended by the African Union Ministers of Trade, Senior Trade Officials/Experts from Member States, Regional Economic Communities (RECs), the United Nations Economic Commission for Africa (UNECA), the African Development Bank (AfDB), the World Trade Organization (WTO), the International Trade Center (ITC), the South Center, the World Bank, the United Nations Development Programme (UNDP), Pan-African Chamber of Commerce, and other African and non-Africa International Organizations.

Dates: The Conference will be held from **21st to 25th October 2013**

21st – 23rd October 2013 - *Meeting of Trade Senior Officials*
24th – 25th October 2013 – *Meeting of Trade Ministers*

Venue: The Conference will be held at the New African Union Conference Center in Addis Ababa, Ethiopia.

Languages: Simultaneous interpretation will be provided in the four official languages of the African Union - English, French, Arabic and Portuguese.

Logistics & Financial Arrangements

20. The African Union Commission will cover the cost of participation (**Economy Air Ticket and Per Diem at UN Rate**) for **one delegate** from each participating African Union Member State as well as its recognized Regional Economic Communities (RECs), based on the most direct and economical route to Addis Ababa. Nominated delegates **MUST fill and SIGN** the attached Registration Form (full names, titles, positions, and organizations, countries, contact addresses such as telephone, fax, and email addresses) and send it together with a copy of their **NATIONAL PASSPORTS** to the following email addresses (sumad@africa-union.org; batanaic@africa-union.org; and MekonnenTM@africa-union.org or Fax: +251 115 182 970) **by 30 August latest**. Sponsored participants should note that travel Air Tickets will NOT be processed without receiving the duly signed registration Form and a copy of the National Passport.

21. All participants are reminded that other expenses incurred by them relating to visas, medical, insurance, hospitalization, loss or damage to personal property during the Conference will not be covered by the African Union Commission.

Travel Arrangements

22. All participants are expected to make their own travel arrangements, including ticketing and visa to Ethiopia. Countries where Ethiopian Embassies are present, participants from these countries are required to secure their entry visas from these Embassies before traveling to Ethiopia. Participants from countries where there is no Ethiopian Embassy can obtain their entry visas on arrival in Addis Ababa. However, those participants are required to present the invitation letter and the visa fee to the immigration authorities at the airport in Addis Ababa.

Hotel Arrangements

23. The participants are expected to make their own hotel arrangements for the entire duration of the Conference. Many of the hotels in Addis Ababa provide shuttle services to and from the airport. However, participants need to make pick-up arrangement with the hotel prior to their departure for Addis Ababa.

Health Requirements

24. Participants are advised to carry with them a current Yellow Fever Vaccination Cards.

Currency Exchange Rates

25. The Ethiopian Birr (ETB) is the local currency in Ethiopia. The exchange rates for the three main foreign currencies as of July are as follows: USD 1 = 18.6487 Birr; Euro 1 = 24.3272 Birr; and British Pound 1 = 28.3945 Birr.

Weather and Clothing

26. The climate in Ethiopia follows two main seasons: dry season (October-May) and rainy season (June-September). Temperatures depend on the season and altitude. Currently, the weather is cool and rainy during the day and rather cold by night. Warm clothing and rainproof jacket are recommended.

Contact Persons:

27. For more information about the Conference, please contact the following officers:

African Union Commission

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