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DIRECTORATE OF INFORMATION AND COMMUNICATION

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Commissioner Muchanga at the 2<sup>nd</sup> STC on Trade, Industry and Mineral Resources:

**“We now have six more AfCFTA ratifications remaining before we reach the magic number of 22 ratifications”**



**Addis Ababa, Ethiopia – 12 January, 2019** - The Department of Trade and Industry organized the 2nd Ordinary Session of the Specialized Technical Committee of the Ministers of Trade, Industry and Mineral Resources, under the theme: ***“The Entry into Force of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) and its Implementation”***. The objective of the meeting was to consider draft continental strategies which included the African Union Commodity Strategy, Africa Union Small and Medium Enterprises Strategy and Trade Facilitation Strategy and to take note of the various technical reports and presentations in the areas of Trade, Customs, Industry and Minerals; which are critical to supporting the African Continental Free Trade Area (AfCFTA). The Meeting was attended by Member States, Regional Economic Communities, experts from the Afreximbank, the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA), United Nations Industrial Development Organisation (UNIDO) and the United Nations Conference on Trade and Development (UNCTAD).

In her remarks, the Executive Secretary of UNECA, Dr. Vera Songwe noted the centrality of the theme of the STC-TIM, especially on the momentum towards signature and ratifications of the agreement establishing the AfCFTA. She took note of the challenges facing the multilateral trading system and the global dynamics. Dr. Songwe said Africa has a clear vision to create its own market, and to stop the fragmentation of the internal market through the AfCFTA. She congratulated the 15 countries that have ratified the AfCFTA to date, and expressed her confidence that the requisite 22 signatures needed for entry into force of the free trade regime would be secured in due course. She further observed that on the basis of the rate at which ratifications were being deposited, the chances of the AfCFTA entering into force by mid-2019 were brighter. Dr. Songwe noted the importance of the digital economy towards the successful implementation of the AfCFTA.

The Executive Vice President of Afreximbank, Mr. Amr Kamel passed his regards from the President and Chairman of the Bank, Professor Benedict Oramah. He congratulated the African Union for the achievements on the AfCFTA and the 2018 Intra African Trade Fair (IATF). The Afreximbank Vice President commended the AUC for developing the SME Strategy, more so given that the Bank also had a portfolio dealing with the same subject. It was therefore, imperative that the AUC and the Bank explore synergies in this direction to unlock the potential of SMEs in the continent, as well as their contribution to economic growth, employment creation and poverty alleviation. He pointed out that Afreximbank was playing a critical role in the continent's development, and welcomed progress on the AfCFTA ratifications. The Bank plans to disburse US\$25 billion to African countries as trade and investment finance. In order to support the implementation of various instruments of the African Union, Mr. Kamel echoed the fact that the Bank is developing various Digital Ecosystems to enhance intra-African trade, and some of these instruments included the Pan-African Payments System Platform, Trade Information Portal, Regulation Platform and a Customer Online Platform.

Mr. Victor Djemba, Head of Africa Division, of UNIDO delivered some remarks on behalf of the UNIDO Director General. He indicated that UNIDO welcomes the progress made towards the operationalization of the AfCFTA since its launch in March, 2018 in Kigali, Rwanda. He observed that successful implementation of the AfCFTA hinges on the existence of African economies that produce goods and services that can be traded among themselves and beyond. He observed that several critical elements related to industrial development should be taken into account including the promotion of value addition, the improvement of regulatory frameworks (industrial policies, and industrial laws and regulations) for the success of the AfCFTA.

In his remarks, AU Commissioner for Economic Affairs, H.E. Prof. Victor Harrison, stressed that integration is the only solution for Africa to become an emerging continent. In this regard, he said, the AfCFTA provides an invaluable opportunity for African countries to increase their share of manufactured goods, which currently stands at less than 1% of world manufactured goods, through industrialization and the creation of regional value chains. For the AfCFTA to fully deliver on its expectations, African countries will need to ensure that supportive and accompanying measures are in place, such as targeted measures to support the productive sector, as well as improving the business-enabling environment. According to Professor Harrison, African countries need viable financial institutions such as the African Investment Bank, the African Central Bank and the African Monetary Fund, which are provided for in the Constitutive Act of the African Union.

In his statement, the Commissioner for Trade and Industry, H.E. Amb. Albert Muchanga, congratulated the outgoing Bureau on the commendable work and welcomed the new Bureau of the STC on their assumption of duty. He urged the expeditious completion of the work on the African Union Commodity Strategy. With regards to on the theme of the meeting, he provided a status update on the ratification of the AfCFTA. Ambassador Muchanga pointed out that the total number of ratifications now stands at sixteen. “We now have six more ratifications remaining before we reach the magic number of 22 ratifications that are required before the agreement enters into force, a month after receiving the 22<sup>nd</sup> instrument of ratification”, he said. He called on all Member States to come on board and complete the six remaining ratifications as the completion will transform into reality the vision of the African Union and Agenda 2063. He called for all countries to sign the Agreement, noting that 49 Member States had signed and more are expected shortly.

In her closing remarks, Mrs. Rakiya Eddarhem, Minister in Charge of External Trade, Kingdom of Morocco and Chair of the STC, expressed her deep appreciation to the Government of the Federal Democratic Republic of Ethiopia for the warm reception and hospitality. She thanked Senior Officials for the high quality of recommendations presented to Ministers for consideration. The Honourable Eddarhem indicated that Morocco’s return to its institutional family, the AU, has been driven by its commitment and willingness to contribute to the socio-economic development of the African continent. She recalled that throughout its history, Morocco has always been driven by its vocation towards Africa.

At the end of the 2<sup>nd</sup> Ordinary Session of the Specialized Technical Committee, the African Union Ministers of Trade, Industry and Minerals through an Official Declaration, commended, among others, the role of the African Union Commission in coordinating the AfCFTA negotiations which led to the successful signing of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) in March 2018 at the AU Extraordinary Summit in Kigali; as well as the significant progress made in the ratification of the Agreement. They also stressed the importance of economic diversification and industrialization for the sustainability of AfCFTA.

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