



AFRICAN UNION

**check against delivery*

Remarks by

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African Union Commission

**THIRD MEETING OF THE TRIPARTITE SECTORAL MINISTERIAL COMMITTEE
RESPONSIBLE FOR TRADE, FINANCE, ECONOMIC MATTERS, HOME AND
INTERNAL AFFAIRS**

24 October 2014

Bujumbura, Burundi

1. Excellences, Honourable Ministers

2. Distinguished Delegates,

3. Ladies and Gentlemen

Let me start by expressing my appreciation to the Tripartite Leadership for inviting the Commission to be part of your journey in establishing the Tripartite FTA and indeed to Bujumbura for the 3rd Meeting of the Tripartite Sectoral Ministerial Committee.

As we meet here today to advance our regional integration agenda, the world is moving. We are all aware of the various negotiations for Mega Trade Agreements, the Transatlantic Trade and Investment Partnership (TTIP) and the Transpacific Partnership (TPP) are among the major ones. In Asia, China, Japan and South Korea are also involved in FTA negotiations. Indications so far are that these Mega Trade Agreements are going beyond classical FTAs, with very high levels of ambition and set to promote deeper integration among the concerned countries.

Here at home we have Tripartite FTA negotiations taking place and we are in the process of preparing for the launch of the CFTA negotiations next year. I am glad that after about eight months in a hiatus, the TFTA negotiations have resumed. Let me state that despite the challenges you have been facing the African Union Commission is so far pleased with the progress that you have made. I would urge you to stretch yourselves to make up for the lost time.

Excellences, Distinguished Ladies and Gentlemen,

As AUC, we welcome developments in countries such as Ethiopia, DRC and Seychelles as they move towards acceding to regional FTAs. In the ECOWAS region, the new regional Common External Tariff (CET) will become operational on 1 January 2015. These are positive developments that deserve our applause and set a strong foundation for continental integration. We all agree that functional regional FTAs provide a strong basis for the establishment of the Tripartite FTA and the Continental FTA alike. It is for this reason that we see a lot of value in supporting the implementation of regional FTAs and the Tripartite Initiative to establish an FTA by 2014. The Tripartite FTA and best practices in other regions of the continent provide models that can be followed in the establishment of the CFTA.

Let me reiterate our understanding at the level of AUC that the first phase of the TFTA negotiations will be concluded this year in line with the Tripartite Roadmap. The world is watching, potential investors are watching and indeed our own business people are waiting. Let us put our heads together and think practically and creatively around the challenges, I believe it can be done. Let us negotiate and conclude an agreement that creates value for its ultimate users, the private sector including Small and Medium Enterprises. It is my view that the Tripartite FTA should promote the development of regional value chains and be a useful lever in developing productive capacity in the region.

Excellences, Distinguished Ladies and Gentlemen,

My experience with the preparatory phase of the CFTA negotiations so far is that it is imperative for us to provide financial resources for our trade negotiations. We cannot leave the funding of sensitive issues such as our trade and investment policies in the hands of our partners alone. I would urge Member States to take bold steps in mobilizing domestic resource especially as you move towards the implementation of the Tripartite Agreement.

Let me emphasize the importance of involving the private sector in these negotiations. Evidence has shown that an inclusive policy making process contributes to better policies and therefore higher levels of implementation. It

is my hope therefore that Members States have members of the Private Sector as part of their delegations or have consulted them before coming.

Excellences, Distinguished Ladies and Gentlemen,

As the structure and composition of international trade and investment changes, our trade policies must also evolve and move beyond traditional instruments such as tariffs. As your Commission we believe that a comprehensive and ambitious Tripartite FTA can unlock the dynamic benefits of free trade and increase intra-African trade and investment. We are therefore excited about the second phase of the TFTA negotiations that go beyond trade in goods and includes trade in services, investment, intellectual property rights, trade development, competition policy and trade competitiveness issues. It is my view that this is a step in the right direction and sets the right foundation for the establishment of the CFTA.

Excellences, Distinguished Ladies and Gentlemen,

Let me briefly address myself on the subject of the establishment of the CFTA.

But why the CFTA now? Some of you may ask.

Because on average, African exporters face a higher level of tariff protection when exporting within the continent than when they export overseas. It is within what we can do as Africa to address this.

But why the CFTA now? Because many African countries including the continent's biggest economies that are not members of the same REC are trading on MFN rates, I believe we can address this. But, we must take steps to make it happen.

But why the CFTA now? Because Africa is rising and it must rise with its people. By opening up our borders to each other, eliminating tariffs and removing non-tariff barriers, we expand trade and investment opportunities for our people and in the process allow the creation of decent jobs here at home and ultimately reduce poverty levels.

The question therefore is *not why The CFTA* but how do we position the continent to benefit from and take advantage of all these developments? We are therefore duty bound to make decisions today that will position Africa to take advantage of these boundless possibilities tomorrow.

Excellences, Distinguished Ladies and Gentlemen,

Our experience has shown us that market integration on its own will not produce the intended results of increasing intra-African trade. That is why our Leaders in their wisdom endorsed the Action Plan on Boosting Intra-African Trade. The Action Plan provides us with a tool to pursue a developmental regional integration strategy, one that goes beyond just market integration. It allows us to address issues related to productive capacity, trade facilitation, trade related infrastructure and factor market integration among others. Implementation of the Action Plan would also ensure that the benefits of integration are distributed equally among Member States and all countries stand to benefit from it.

Excellences, Distinguished Ladies and Gentlemen,

In line with the directives of the Summit of Head of State and Government the AU Commission in collaboration with Continental Task Force on the CFTA, composed of all the REC Secretariats UNECA and AfDB is in the process of preparing for the launch of the CFTA negotiations in June 2015. Members will have the opportunity to discuss preparations for the launch of the negotiations during the 9th Conference of the African Union Ministers of Trade (CAMOT 9) that will be held on 1st -5th December, in Addis Ababa Ethiopia. Some of the issues that will be discussed during CAMOT 9 include approaches to the CFTA negotiations, capacity building for Member States and regional

economic communities, funding for the negotiations and related activities. Honorable Ministers your Commission fully understands the challenges and complexities of managing these negotiations. Your Commission stands ready to play its role. With this said I look forward to welcoming you in Addis Ababa in December.

Excellences, Distinguished Ladies and Gentlemen,

As I draw to a close, it is clear to me that the Tripartite FTA and the implementation of regional FTAs are significant milestones in the establishment of the continental free trade area. Yes, the challenges are many but surmountable. Let me conclude with a quote from one of Africa's icons, Nelson Mandela, ***"It always seems impossible until it's done."*** As it was true in the history of a nation, so it is true today as we move towards the conclusion of the first phase of the Tripartite FTA negotiations. I thank you.

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