



AFRICAN UNION

Opening Statement

Delivered by

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Commissioner for Trade and Industry

**African Union Commission (Please Note that the Commissioner
was represented by the Director of Trade and Industry of the
African Union Commission Her Excellency Mrs. Treasure
Maphanga)**

**On the occasion of the Opening Ceremony of the
EAC Regional Conslutative Meeting on the
Continental Free Trade Area (CFTA)/Boosting Intra-African Trade
(BIAT)**

Nairobi, Kenya

27-28 November 2014

1. Excellences

2. Distinguished Delegates,

3. Ladies and Gentlemen

It is a great pleasure and honor for me to welcome you all to the East African Community Consultative Meeting on the Continental Free Trade Area and the Boosting Intra African Trade Initiative here in Nairobi Kenya. The EAC Meeting adds to the meetings that have been held in **EAC**, COMESA, ECCAS, UMA, which the Commission organized in collaboration with the Regional Economic Communities and our partners namely UNECA and UNDP. The objectives of this Meeting are to facilitate consultations and dialogue among **EAC** Member States on the CFTA with a view to develop regional strategies for effective engagement in the CFTA Negotiations. The Meeting will look at ways to assist Partner States and the EAC Secretariat in initiating the process of developing National and Regional Action Plans on Boosting Intra Africa Trade. We also aim to identify areas for capacity building at the regional and national levels.

My expectation is that the Final Report of this Consultative Meeting will be submitted for consideration to the relevant policy organs of the EAC in order to promote regional and national ownership of the BIAT/CFTA initiative.

At the outset, let me express my special thanks and appreciation to our key partner organizations, namely, the East African Community and the United Nations Economic Commission for Africa (UNECA) for their continued support, cooperation and collaboration in promoting the continent's trade agenda. The AUC is indeed grateful for the financial and technical support from UNECA in organizing this meeting. Let us continue working together for the good of our continent.

Excellences, Distinguished Ladies and Gentlemen,

Most of you here will agree with me that Africa has a brighter future and that it is rising. There is widespread consensus that Africa is the next growth frontier. We have some of the fastest growing economies in the world in this continent. Africa is poised to reap the benefits of the demographic dividend - and we have an emerging middle class. All these factors put together make

the continent abound with trade and investment opportunities. But, we must take steps to make it happen.

The question therefore is how do we position the continent to benefit from and take advantage of all these developments? We do not have the option of just sitting and doing nothing while these opportunities pass us. We are therefore duty bound to make decisions **today** that will position Africa to take advantage of these boundless possibilities **tomorrow**. Your call as Senior Trade Officials and Trade Experts is to design policies that will take make it happen and take the continent to the next level.

Excellences, Distinguished Ladies and Gentlemen,

For Africa to move to the next level, there are a number of things that must change. Compared to other regions in the world, Africa has the lowest level of intra-regional trade- around 12.8%. This must change. Africa's share of total exports in global trade flows is just 3.5%, which is also extremely, low, this also has to change. An African exporter exporting to another African country faces an average non-agriculture applied tariff protection rate of 7.8%, which is higher than what the same exporter would face when

exporting to Europe and the United States. This has to change. Trade among Africa's major economies that do not belong to the same Regional Economic Community is on the basis of the Most Favoured Nation (MFN) principle rates. This also has to change. The commercial reality of cross border trade in Africa simply demands that more be done in order to come up with a framework that facilitates intra African trade and provides for the reduction of tariffs, elimination of non-tariff barriers and a rules based mechanism for contract enforcement and dispute settlement. In our view the CFTA provides such a framework and is in line with the goal of the Abuja Treaty Establishing the African Economic Community. Considering all the issues I have identified above, it is clear that the establishment of a continental Free Trade Area is a strategic necessity for this document. By establishing the CFTA we will be in a position to address "at the border", "Behind the border" and "across the border issues".

As your Commission we are convinced that the future of this continent lies in regional integration. We must however make regional integration work for every country, large and small. Every country must eventually benefit from regional integration.

Excellences, Distinguished Ladies and Gentlemen,

As we meet here today to advance our regional integration agenda, the world is moving. We are all aware of the EU-US FTA negotiations on the Transatlantic Trade and Investment Partnership (TTIP), a trade and Investment agreement that is presently being negotiated between the European Union and the United States. The US is also engaged in Transpacific Partnership (TPP) negotiations with Pacific countries. In Asia, China, Japan and South Korea are also involved in FTA negotiations. This is just a snapshot of what is happening elsewhere. Here, closer home the first phase of the Tripartite FTA negotiations is about to conclude and the Expectation is that the TFTA will be launched in December 2014. The move towards FTAs is a development on which both developed and developing countries are involved. Indications so far are that these Mega agreements are going beyond classical FTAs, with very high levels of ambition and set to promote deeper integration among the concerned countries.

Excellences, Distinguished Ladies and Gentlemen,

It has long been realised that simply reducing tariffs and removing other artificial barriers to trade may not necessarily lead to increased intra-African trade. We must do more in terms of developing the productive capacities of our economies, implement trade facilitation measures, develop our infrastructure, and ensure reliable energy supply and skills availability. Simply put, our economies must be competitive at the global level and our policies respond to the challenges that business in Africa face when doing cross border trade and investment in the continent.

That is why the January 2012 Summit of Heads of States and Government endorsed the Action Plan on Boosting Intra African Trade and decided on the establishment of a Continental Free Trade Area by an indicative date of 2017. The Action Plan has seven clusters on; trade policy, trade facilitation, productive capacity, trade related infrastructure, trade finance, trade information and factor market integration. It is our belief that if we develop and implement projects in each of the clusters, intra African trade will increase substantially by the next decade.

I am pleased to inform you that in the Arab Maghreb Union, a lot of progress has been made in developing a Regional Action Plan on BIAT. It is my

expectation that this Meeting will usher the beginning of the preparation of the EAC regional Action Plan on the BIAT.

Excellences, Distinguished Ladies and Gentlemen,

Our agenda for this meeting will provide us with an opportunity to review the opportunities and challenges that confront EAC Partner States in the implementation of the Customs Union. We all agree that functional regional trade arrangements provide a strong basis for the establishment of the Continental Free Trade Area (CFTA). It is for this reason that we see a lot of value in supporting the implementation of ECA Customs Union and in the initiative of COMESA-AEC-SADC to establish an FTA by the end of the year. The Tripartite FTA provides a model that can be followed in the establishment of the CFTA. Let me commend the COMESA-AEC-SADC Tripartite for their hard work and the progress towards the launch of the negotiations.

Excellences, Distinguished Ladies and Gentlemen,

As we move towards the implementation of the Decision of our Leaders to establish the CFTA by an indicative date of 2017, let us set an ambitious agenda for ourselves. We should be looking beyond trade in goods and include trade in services, investment, intellectual property rights, trade development and competition policy. We need to put in place an efficient and effective mechanism for the CFTA negotiations.

In the design of the CFTA, let us think about an agreement that can work for the Small and Medium Enterprises as well as for established operators. The CFTA should promote the development of regional value chains and be a useful lever in developing productive capacity in the region. The world is looking at us; potential investors, both African and from other countries are have their eyes set on Africa with immense interest on the Tripartite FTA and the CFTA. Let us gear for delivery.

Cognizant of the challenges that lie ahead of us in terms of the complexity of managing negotiation process and the technical issues let us move with all

the determination that we can master. Our leaders are waiting on us, they have already signaled their intention to launch CFTA negotiations in 2015.

As we shall be discussing the Draft Objectives and Negotiating Principles and the Institutional Arrangements for the CFTA negotiations let us focus on delivering results rather than excuses.

Excellences, Distinguished Ladies and Gentlemen,

For trade liberalisation to produce the desired results, it must be complimented by other supporting policies at the national and regional levels. We have to do more work to improve the Doing Business Environments in our respective countries.

This Meeting will also discuss the work towards the preparation of developing National and Regional Action Plans on Boosting Intra Africa Trade. The Action Plan provides us with a tool to pursue a developmental regional integration strategy, one that goes beyond just market integration. The Action Plan allows us to address issues related to productive capacity, trade facilitation, trade related infrastructure and factor market integration.

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,

The successful implementation of the BIAT/CFTA Initiative requires the participation of multiple stakeholders. These include the private sector, civil society, parliamentarians, and academia among others. The African Trade Forum (ATF), which is organized jointly by the AUC and UNECA, was established with a view to create a platform for various stakeholders to reflect and discuss on the progress and challenges of continental market integration. In the coming months, we will be reaching out to various stakeholders with a view to bring them on board in the implementation of this important decision.

Let me acknowledge the presence in this Meeting of the representatives of the East African Business Council and their respective national Representatives. We look forward to hearing your views on the CFTA and BIAT initiatives; we believe that the role of the private sector is indispensable in the successful implementation of these initiatives. In line with the CFTA

Architecture, the AUC is in the process of establishing the African Business Council which will act as a necessary platform for aggregating and articulating the views of the private sector in continental policy formulation. It is expected that the African Business Council will be operationalized in 2015.

We are aware of the role that parliamentarians will play in the domestication of the CFTA once it is concluded hence the need to engage them during the negotiations, at all levels national, regional and continental. Parliamentarians should be kept abreast of the developments on the CFTA negotiations. An inclusive policy making process has a high likelihood to result in policies that promote inclusive growth. As Africa rises, it should rise with its people and the CFTA should be an instrument of creating decent and gainful employment.

Excellences, Distinguished Ladies and Gentlemen,

Let me turn to the financing of the BIAT/CFTA initiatives, it is important that as Member States we provide resources for the implementation of these initiatives. Trade negotiations require a lot of funding we should not leave

this responsibility to development partners. We should not allow a situation where the financial situation of our development partner is allowed to affect our progress on this important initiative. As we move towards implementation, Government at the national level should endeavor to make provisions for funding the negotiations and the implementation of BIAT Action Plans. It is also imperative we invest in strengthening human capacities and enhance Trade Support Institutions and scale up their ability to deliver.

Excellences, Distinguished Ladies and Gentlemen,

As I conclude, I have no doubt that the calibre, experience and expertise of the Senior Officials gathered here today will enable us to put forward good ideas and recommendations for the consideration of the **EAC** Ministers of Trade and the various Policy Organs. Let me conclude by expressing the appreciation of the Commission to you for traveling all the way to Nairobi to attend this Meeting during this busy period of the year.

I wish you all fruitful deliberations and I thank you for your kind attention.

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