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**SPEAKING NOTES**

**FOR**

**HIS EXCELLENCY WAMKELE MENE**

**SECRETARY-GENERAL, AfCFTA SECRETARIAT**

**ON OCCASION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) BUSINESS FORUM**

**THEME: AFRICA, TUJENGE PAMOJA**

**ACCELERATION OF THE IMPLEMENTATION OF THE AfCFTA**

Cape Town International Convention Centre, Cape Town,

SOUTH AFRICA

16TH APRIL, 2023

* Your Excellency President Mahamadou Issoufou, former President of the Republic of Niger and Champion of the AfCFTA;
* Your Excellency Dr. Monique Nsanzabaganwa, Deputy Chairperson of the African Union Commission;
* Your Excellency Prof. Benedict Oramah, President & Chairman of the Board of Directors of Afreximbank;
* Your Excellency Dr. Nardos Bekele-Thomas, CEO of AUDA NEPAD;
* Honourable Minister Ahmed Ali Bazi, Minister of Economy, Industry & Investments, Union of the Comoros, representing H.E. President Azali Assoumani, Chairperson of the African Union;
* Honourable Minister Ebrahim Patel, Minister of Trade, Industry & Competition, and representing the President of South Africa;
* Mr. Samaila Zubaira, President & CEO of Africa Finance Corporation;
* Mr. Solomon Quaynor, Vice-President for Private Sector, Infrastructure and Industrialisation, AfDB;
* Honourable Ministers and former Ministers;
* Madam Kanayo Awani, Executive Vice-President, Afreximbank;
* Assistant Secretary-General, UN Global Compact Madam. Sanda Ojiambo;
* Assistant Secretary-General, UN Bureau for Africa, Madam Akunna Eziakonwa;
* Business Leaders and members of the private sector;
* Your Excellencies, Ambassadors, and Members of the Diplomatic Corps, and
* Distinguished Ladies and Gentlemen.

1. Let me express my profound appreciation to President Mahamadou Issoufou for his presence here today, having traveled all the way from Niger, to participate in this event as the AU Champion for the AfCFTA. As you know, H.E. retired some time ago as the President of Niger, yet he continues to be a tireless advocate of the AfCFTA. We as Africans owe him a debt of gratitude for his dedication and Pan-African idealism.
2. May I also appreciate your attendance, many of you come from all over the African continent, some have come as far as the US, the UK, the Republic of Korea and other places around the world.
3. The AfCFTA has been ratified by 47 countries, only one country in Africa has not signed the Agreement Establishing the AfCFTA. It is, by our own admission a highly ambitious trade agreement deliberate design, in order to overcome the challenges that our continent has been confronted with over the last 5 or 6 decades, bold and courageous interventions are required. Over the last 5 or 6 decades, the character of Africa’s economy has been fragmentation of markets, smallness of national economies, 42 currencies, an overreliance on the export of primary unprocessed commodities, colonial trade patterns and lack of industrial capacity. These factors are in part, the reason intra-Africa trade is as low as 18% and Africa’s contribution to global GDP is 3.1% and Africa’s contribution to global trade and output is a low 2%. In the vision of the Assembly of Heads of States & Government, the AfCFTA is one of the tools that can be deployed to reverse the that I describe and to place our continent on a trajectory for a fundamental reform and restructuring of the economy to an industrialised economy that achieves value-added production in what we trade.
4. Under the leadership of H.E. President Mahamadou Issoufou, we have made significant progress in the implementation of the AfCFTA. The significant milestones achieved under the AfCFTA within a relatively short underscore political will and a shared desire of our leaders to significantly advance on the historic mission of economic integration and eventually a common market in Africa, with the AfCFTA – being the legal foundational construct – serving an essential first step. This year marks the 60th commemoration of the establishment of the Organisation of African Unity, in the historic city of Addis Ababa. As our continent confronts multiple challenges, 60 years after our founding mothers and fathers established the OAU, the AfCFTA is a tool to be deployed by the African Union to position Africa to adequately respond to the challenges confronting our continent, the challenges of our time. An economic crisis caused by the Covid-19 pandemic, a food insecurity crisis caused by the emerging geo-political context and what appears to be an onset of a sovereign debt crises.
5. In order for us to see the results that we all desire to see, the private sector has to play a critical role implementation of the AfCFTA. Africa’s private sector is estimated to account for about 80% of total production, 67% of the investment and employs 90% of the working-age population. As I have noted before, governments do no trade, the AfCFTA Secretariat does not trade, it is the private sector that drives trade. A Study by McKinsey & Company and Brookings Institution, for example, estimates that annual spending by African consumers and businesses will reach $6.66 trillion by 2030, up from $4 trillion in 2015. This trend is spurring growing markets in various sectors where the continent has unmet needs such as Agriculture and Agro-processing, Pharmaceuticals, Automotive sector and Transport & Logistics. That is why this trade dialogue which we will have over the next two days is so important, as an outcome of this trade dialogue, we intend to establish an ongoing platform for the private sector to be one of the pillars of implementation of the AfCFTA, so that we can jointly identify opportunities for investment in value chains that will increase intra-Africa trade. We must leverage on the vast opportunities that persist in the various critical sectors of our economies to place the continent on a path of long-term industrial development.
6. In a study that we undertook jointly with the WEF on private sector engagement, the following were some of the very encouraging estimates of the opportunities available under these value chains show that:

* The automotive industry in Africa is expected to grow to more than US$42 billion by 2027 due to increasing domestic demand, rising incomes, and high projections for intra-African trade.
* Intra-African agricultural trade is expected to increase by 574% by 2030 if we eliminate tariffs under the AfCFTA.
* The AfCFTA can increase intra-African trade in pharmaceuticals, of which currently only 3% of demand is met by intra-African trade, leading to more resilient health supply chains.
* For transport and logistics, the AfCFTA is projected to increase intra-African trade demand by 28%, with demand for almost 2 million trucks, 100,000 rail wagons, 250 aircrafts, and more than 100 vessels by 2030.

1. Today I wish to answer a very legitimate question which has been asked many a time, is trade happening under the AfCFTA? Are we engaged in a big diplomatic exercise where we meet take photographs and drink coffee? Academics and journalists have answered this question on behalf of ministers of trade and on behalf of the AfCFTA Secretariat. They argue that no trade is taking place. Let me provide a state of play in the implementation of the AfCFTA:
2. As I noted before, under the leadership of President Mahamadou Issoufou and working with other organs of the AU such as AUDA-NEPAD and with strong support from Afreximbank and AfDB, we have achieved significant success since February 2020. Under extremely difficult circumstances caused by the pandemic and a challenging geo-economic context of our time, we have been able to make significant and meaningful advancements:

* We established an AfCFTA Adjustment Fund, which through Afreximbank, already has a US$1 billion capitalisation and more to be raised, to enable all AfCFTA State Parties to benefit from the AfCFTA;
* We commenced commercially meaningful trade under the Guided Trade Initiative, where eight countries Ghana, Egypt, Tanzania, Rwanda, Kenya, Mauritius, Cameroon, Tunisia, traded goods under the preferential rules of the AfCFTA. The most important aspect of the Guided Trade Initiative was in demonstrating that beyond enhanced trade flows in Africa – which is important – the AfCFTA can deliver inclusive benefits and opportunities for the marginalised. The tea that was exported from Kenya to Ghana was produced by small-holder farmers, whom the government of Kenya has organised into cooperatives for export under the AfCFTA. A remarkable story of inclusivity in trade, a remarkable story of Africa demonstrating that trade does not have to be intrinsically a zero-sum game.
* The GTI initiative was enabled by the adoption of legal instruments that are required for trade to happen, AfCFTA Certificates of Origin, Origin Declaration documents, an AfCFTA Tariff Book and a Manual on Rules of Origin.
* On Rules of Origin, I wish to report to you that for the first time in the economic history of Africa, we have reached 88.3% convergence. In the almost 5000 products that are traded in Africa, we now have a single set of rules for trade in 88.3 percent of those products. Which has the potential to position our continent as an appealing investment destination and for accelerated industrial development. Of course, we have more to do in the area of rules of origin for the automotive sector and Textiles & Clothing, but the Council of Ministers of Trade are actively seized with this negotiation.
* Trade under the AfCFTA is now possible for 88.3% of tradable goods with agreed rules of origin in place. Negotiations on the rules for more sensitive products, including clothing, textiles, automotive.
* Working with Afreximbank, we launched the Pan-African Payments & Settlement System, to facilitate trade in local currency under the AfCFTA. The immediate beneficiaries of the PAPSS are SME that are led by women and young entrepreneurs who seek to take advantage of a market whose combined GDP is projected to be close to US$7 trillion by the year 2035.
* We have operationalised the Protocol on Dispute Settlement for the resolution of disputes that are covered by the AfCFTA, creating for the first time in Africa, a mechanism for the resolution of trade disputes that are to be adjudicated by a competent, impartial and independent panel. We have recently concluded the process of appointing the Appellate Body of the dispute settlement mechanism.
* In record time, we established a fully functional secretariat that has a 50/50 gender parity, that has as many men as it has women, including in the most senior leadership positions, that has language and representation of all of Africa's region. 35% of the staff of the Secretariat is under the age of 35, yet we have to do more to ensure youth empowerment and to advance the gender parity, particularly in the male dominated area of trade law and trade policy.

1. Regarding the implementation of the Protocols, as you may be aware, the AfCFTA includes rules (with timelines) for elimination of tariff and non-tariff barriers to trade in goods, it also includes rules for liberalisation of the services sector (tourism, financial services, construction services) amongst other sectors that are drivers of Africa services economy. As I mentioned earlier, the ambition of the African Union is that one day, Africa must be a common market. That is why the recently concluded Protocols on Investment Protection, Intellectual Property Rights and Competition Law & Policy are so critical for this very ambitious objective of economic integration in Africa. By July this year, the Assembly of Heads of States & Government of the African Union expects us to conclude negotiations on two other critical legal instruments and that is the Protocol on Digital Trade & the Protocol Women & Youth in Trade. Through digitical technologies and appropriately tailored rules for the digital economy, the Protocol on Digital Trade presents a unique opportunity for Africa to achieve digital and financial inclusion, and to enhance digital innovation, in this regard, we developed a call to action for Digital Financial Inclusion in collaboration with Smart Africa Alliance and the UN-based Better Than Cash Alliance to ensure that every African has the tools and financial services that enable them to make payments seamlessly in the one African market. This is an opportunity for the private sector partner with us in investment.
2. To address inclusion and to break barriers to cross-border trade, that often Young Entrepreneurs and SMEs that are led by women, are not able to eliminate on their own, the Protocol on Women & Youth in Trade should enable us to move beyond aspirations and present commercially meaningful opportunities for Women & Youth. In this regard I am most grateful to H.E. Mama President Samia Suluhu Hassan for having hosted the inaugural Women & Youth in Trade AfCFTA Conference that was held in Dar Es Salaam, Tanzania in September 2022.
3. Let me conclude with three observations, which both reinforce the urgency of implementation of the AfCFTA for Africa: the first is the impact of the emerging debt distress crisis. By all accounts, what appears to be a clear indication from the World Bank/IMF Spring meetings is that Africa is on her own in facing the forthcoming economic headwinds, that will be caused by the debt distress crisis. Capital seems to be going the wrong direction, to a narrow group of developed countries with high debt levels. Now, faced with a multilateral financial architecture that appears not able to assist in mitigating the debt distress crisis, what does Africa do? I would suggest that accelerating the implementation of the AfCFTA and thereby increasing intra-Africa trade as a share of contribution to Africa’s overall economic activity, is an opportunity we cannot miss.
4. The second observation is informed by the collapse in the ability of global supply chains to be at the service of all, developing and developed countries. Covid 19 pandemic and the current geo-political context make it clear that when global supply chains are disrupted, Africa suffers. Causing untold misery whether in the form of being at the back of the queue for vaccines or inflationary pressures that cause food insecurity, as a result of over reliance on the imports of grains from one part of the world. The over-concentration of supply chains in one or two regions of the world in my estimation, is not in Africa’s interest. The AfCFTA offers Africa an opportunity to both be part of global value chains whilst at the same time establishing continental value chains and supply chains that will support our industrial development and enable Africa to leverage on the AfCFTA.
5. The third and final observation I would make it that a lesson to draw from the economic integration model of the EU, which started as a free trade area under the Coal and Steel Pact, there will be significant challenges and these challenges shall sustain over time as the economic integration model progresses. And therefore, our resolve to implement the AfCFTA must not be defined by the magnitude of the challenges that we KNOW we shall confront. Our resolve must be defined by the promise to deliver close to 100million Africans out of moderate and extreme poverty by 2035, in the implementation of this Agreement.
6. Africa’s challenges are Africa’s opportunities. By the turn of the century, Africa is set to have the largest work force in the work with a combined GDP at that time estimated to be $16.2 trillion.

Tujenge Afrika Pamoja!

“Let’s Build Africa Together