
**SPEAKING NOTES
FOR
HIS EXCELLENCY WAMKELE MENE
SECRETARY-GENERAL, AfCFTA SECRETARIAT**

EXPO 2020 DUBAI, UAE
AFRICA HONOUR DAY “I am an African”
KEYNOTE SPEECH: AFRICA OPEN FOR BUSINESS
THE AFRICAN CONTINENTAL FREE TRADE AREA, THE GAME
CHANGER
15:00-15:10hrs

Africa Trade House

27 February, 2022

PROTOCOLS

- Dr. Levi Uche MADUEKE, AU 2020 Dubai Expo Commissioner General,
- H.E. Hamad BUAMIM, President and CEO, Dubai Chambers of Commerce and Industry,
- H.E. Sahle-Work Zewde, President, Federal Democratic Republic of Ethiopia,
- H.E. Dr. Monique NSANZABAGANWA, Deputy Chairperson, African Union Commission,
- H.E. Amb. Albert Muchanga, Commissioner Economic Development, Trade, Industry and Mining,
- Prof. Benedict Okay ORAMAH, President and Chairman, Afreximbank,
- Dr. Sidi Ould TAH, Director General BADEA, The President of the Arab Bank for Economic Development in Africa (BADEA),
- Distinguished Invited Guests,
- Ladies and Gentlemen.

Good afternoon.

1. I am delighted to address today's important AU event, the Africa Honour Day, which is being organised as part of the EXPO 2020 Dubai. It is a celebration of Africa, its peoples and the incredible opportunities that lie across the continent.
2. I would, therefore, use this opportunity to provide the current state of play on the AfCFTA and then highlight the opportunities for the private sector in trade and investment.
3. To set the scene for my main themes, let me remind us that the AfCFTA, established in March 2018, historically builds on the aspirations of pan-Africanists for a truly independent, integrated African continent, with larger markets, and a shared experience of what it is to be African.

4. The AfCFTA is the first step towards a deeper integration that aspires to culminate in a continental customs union, which was provided for in the Lagos Plan and in the Abuja Treaty and is now embedded in African Union's (AU) Agenda 2063.
5. The AfCFTA is, thus, a strategic and timely response to the continent's developmental challenges; market fragmentation, smallness of national economies, over-reliance on the export of primary commodities, under-developed industrial regional value chains and high regulatory and tariff barriers to intra-Africa trade, among others.
6. Currently, as it is well known, our countries trade more with the rest of the world than with themselves. Only up to about 18% of all trade on the continent occurs between African countries. In Europe, about 70% of trade happens within the continent, while in North America and Asia it's about 54% and 51% respectively.
7. This is a major source of concern for a continent which has about 17% of world population, but accounts for only 2.1% of world trade and 2.9% of world GDP.
8. The AfCFTA presents an opportunity to accelerate intra-African trade and to use trade more effectively as an engine for growth and sustainable development, to create more jobs, and more economic opportunities for the citizens. The AfCFTA is, therefore, about the 1.3 billion Africans and their livelihoods.
9. This brings me to my first theme: the state of play of the AfCFTA.
10. Several important milestones have been reached in the implementation of the AfCFTA Agreement.

11. First, we have 54 signatories to the Agreement, indicating that all, except one of the AU member states, have signed the Agreement.
12. Today, we have 42 State Parties (78%) to the Agreement by virtue of them depositing the instruments of ratification of the Agreement. The latest three countries, Tanzania, Cabo Verde and the Democratic Republic of the Congo (DRC), deposited their instruments of ratification in the first two months of this year. We congratulate them. Indications are that there will be additional ratifications in the coming months. This is testament to the unequivocal commitment of our Heads of State to market integration and the AfCFTA project.
13. Our wish is to have all the AU Member States become State Parties in order to have the AfCFTA operating to full capacity to yield maximum benefits. We will continue to engage the countries yet to sign and or ratify the agreement to do so.

Excellencies

14. Since 1st January, 2021, it has been possible for AfCFTA State Parties whose customs procedures are ready, to trade under the Agreement's preferential terms, marking the commencement of a historical journey that has been described as the most significant milestone in Africa's integration agenda.
15. However, due to the delay in finalising negotiations on the rules of origin and tariff schedules, virtually no trading has taken place under the AfCFTA provisions.
16. As you know, trade agreements are very complex and technical, with far-reaching obligations for countries that

negotiate them. The Member States, are, therefore, understandably taking a bit of time to deliberate on the implications and the obligations that they are undertaking.

17. Having said that, substantial progress has been made on the negotiations and for trade in goods, agreement reached on 87.7% of product lines which is a very high consensus threshold. This means that the vast majority of products can be traded. Furthermore, as Secretariat, we are in receipt of 44 tariff offers representing 80% of AU membership, which have been technically verified.
18. With respect to trade in services, five priority sectors in services for the first round of negotiations have been adopted namely; tourism, transport, communication, financial and business. State Parties may, however, liberalise more sectors based on the principles of variable geometry and reciprocity. The negotiations are in an advanced stage of completion as 46 member states have submitted their Schedules of specific commitments, which have also been technically verified.
19. With these developments, we are now in a position to start commercially meaningful trading in goods and services across the continent, in line with the decision of our Heads of State that we start trading based on the progress that has been achieved.
20. It should now be possible for State Parties to gazette these legal instruments, that is the schedules of tariff concessions, at the national level, for full-scale implementation from a customs point of view.
21. Going forward, for products that we have agreements, traders should be able to trade with certainty and predictability based on the rules of origin that apply. This is

important for industrialization and the certainty and predictability of the market.

22. We intend to publish what we call the AfCFTA Tariff Book which will include rules of origin and the customs procedures that apply to products. Traders will be able to identify in that tariff book their specific products, know what rules of origin apply to each product and associated tariffs.
23. Another area where there has been significant progress is the AfCFTA Dispute settlement mechanism, a key pillar in the successful implementation of the Agreement. The Dispute Settlement Body (DSB) was operationalised in April last year. The Appellate Body has also been established and the DSB recently agreed on the modalities for the selection of the members of the Appellate Body and is at advanced stages of finalizing the selection of the 10 Board Members. The DSB is modelled on the WTO's disputes resolution protocols, but with key improvements to ensure that we do not end up in deadlock like the situation at the WTO's appellant.
24. The other aspect of implementation of the Agreement, which is equally important, has to do with the removal of non-tariff barriers, including a wide range of restrictive practices that make trade difficult, inefficient and costly.
25. A lot of work is being done to ensure that the customs clearance delays, certification problems, restrictive licensing regimes and corruption issues are addressed.
26. Meanwhile, the AfCFTA Phase II negotiations covering protocols on Women and Youth in Trade, Investment, Competition Policy, Digital Trade, and Intellectual Property Rights (IPRs) are at different stages. It is our main priority to

conclude the outstanding negotiations and protocols this year for full implementation of the Agreement.

Excellencies, Ladies and Gentlemen

27. January 13, this year, marked another major achievement in the operationalisation of the AfCFTA with the launch of the Pan-African Payment and Settlement System (PAPSS), one of the instruments for the successful implementation of the AfCFTA.
28. The PAPSS platform will facilitate cross-border payments in local African currencies and boost intra-African trade significantly by minimizing the use of hard currencies and making cross-border payments cheaper and seamless.
29. It will significantly reduce the costs of currency convertibility and save the continent an estimated \$5 billion annually, to the benefit of the numerous SMEs and young entrepreneurs across the continent. We expect a continent-wide roll-out of the PAPSS soon.
30. Efforts are also underway to accelerate the operationalisation of the AfCFTA Adjustment Facility to respond to the challenge of the short-term negative impact of the liberalisation process on State Parties' fiscal capacities.
31. The Facility, which is one of the instruments aimed at ensuring win-win outcomes in our continental economic integration, will provide a mechanism for Member States to access financial and technical resources to implement the Agreement and mitigate the short-term disruptions and associated costs.
32. In this regard, on February 9, this year, the AfCFTA Secretariat and the Afreximbank, signed a \$10bn AfCFTA Adjustment Fund Management Agreement in Cairo, Egypt.

This will pave way for the operationalisation of the Adjustment Facility to enable countries access the funds subject to certain criteria.

33. Already, the Afreximbank, which is the Fund Manager, has made available an amount of US\$1 billion as a base capital that would leverage other international funding sources to support the adjustment facility.
34. We are also working closely with partners including the AfDB, AUDA-NEPAD, Afreximbank and others to put together an AfCFTA SME Financing Facility to catalyse access to finance for SME business activities.

Excellencies

35. Let me now turn to the AfCFTA opportunities for the private sector in trade and investment.
36. The AfCFTA is set to effectively harmonise trade in goods and services in addition to improving the business environment by reducing tariff and non-tariff barriers on the continent. This marks a new trade and investment regime for Africa and offers a wide range of possibilities for businesses across various sectors in the member states.
37. Indeed, the opportunities of the AfCFTA abound; opportunities to scale, to access cheaper raw materials and intermediate inputs, to build regional value chains and enhance the potential to tap into global value chains, as well as to speed up the transformation of African economies.
38. To realise the full potential of the AfCFTA, there is need to build effective public-private partnerships, governments

working hand-in-hand with the private sector, to ensure that the Agreement is implemented in a way that is meaningful to businesses and their day-to-day operations.

39. With respect to sectors which may have the greatest potential for businesses and investors looking at Africa, the AfCFTA Secretariat, in collaboration with partners, has developed initiatives, for promoting industrialisation in Africa through regional value chains, which have identified some sectors as quick wins for implementation.
40. The first initiative, in partnership with the MasterCard Foundation, is the AfCFTA Private Sector Strategy focusing on four initial priority sectors or value chains, namely agro-processing, automotive, pharmaceuticals, and transportation and logistics for quick wins, based on the potential for import substitution and existing production capabilities on the continent.
41. A second initiative, in collaboration with the UNDP, culminated in the launch of the 2021 AfCFTA Futures Report titled: “Which Value Chains for a Made-in-Africa Revolution”. Under this initiative, 10 value chains have been identified as follows: automotives; leather and leather products, cocoa; soya; textiles and apparel; pharmaceuticals; vaccine manufacturing; lithium-ion batteries; mobile financial services; and cultural and creative industries.
42. Importantly, the opportunities identified in the AfCFTA Futures Report were based on the tariff and services offers that have been exchanged among AfCFTA State Parties, emphasizing the importance of evidence-based decisions to accompany Africa's new pathway towards structural transformation.

43. Furthermore, in the process of developing all these interventions, careful consideration has been given to the issues of inclusivity for women, youth, SMEs and environmental sustainability.
44. With this, businesses are in a better place to make sound decisions on where to invest to seize the AfCFTA opportunities.
45. For African businesses, it is critical that they think beyond the limitations of their national or regional markets to explore the over three-trillion US dollar African market created by the AfCFTA. Enterprises will have to think bigger and bolder.
46. It is worthy of note that the completion of the phase II negotiations this year, will further strengthen the investment and business environment in Africa and enhance the attractiveness of Africa to investors.
47. The Protocol on Investment, for example, is expected to enhance investment governance and policy coordination across the continent. It is expected to address barriers to investment entry in Africa, reduce time and costs of investment approvals, enhance transparency, improve efficiency and address fragmented investment regulatory frameworks on the continent. Investors and investment will be protected and have access to remedies when their rights are violated.

Excellencies, Ladies and Gentlemen

48. To conclude, the operationalisation of the AfCFTA represents a potential turning point for our continent, as it opens up opportunities to stimulate manufacturing capabilities in Africa, the development of regional value chains and promotion of investment.

49. Now is the time to bring on board more actively the private sector who are the underpinnings of the integration process, ensuring that the AfCFTA lives up to its full potential in the future.
50. We are creating an effective trading bloc, and a continent where all countries can reach their potential for growth and prosperity.
51. Undoubtedly, if fully implemented, the AfCFTA can be the game changer for Africa's development and integration into the global economy.
52. Today, we stand on much more solid grounds, than a year ago. We intend to take the needed next steps to further advance. We want to see commercially meaningful trading taking place across the length and breadth of our continent to create jobs and economic opportunities for Africans, especially women and the youth.
53. Finally, on an occasion such as this, the Africa Honour Day, let me end with excerpts from Thabo Mbeki's inspirational speech, 'I am an African':

I am born of the peoples of the continent of Africa. The pain of the violent conflict that the peoples of Liberia, Somalia, the Sudan, Burundi and Algeria is a pain I also bear.

This thing that we have done today, in this small corner of a great continent that has contributed so decisively to the evolution of humanity says that Africa reaffirms that she is continuing her rise from the ashes.

Whatever the difficulties, Africa shall be at peace!
However improbable it may sound to the skeptics, Africa
will prosper!

Nothing can stop us now!

54. On this note, I wish this Africa Honour Day – “I am an African” - a success and I thank you for your kind attention.