

## OPENING STATEMENT

By

**His Excellency Wamkele MENE, Secretary-General, AfCFTA Secretariat**

**At the Second (2<sup>nd</sup>) Ministerial Retreat on the AfCFTA Rules of Origin**

**Kempinski Gold Coast City Hotel, 28 January, 2022**

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**Hon. Ebrahim Patel**, Honourable Minister of Trade and Industry of South Africa and Chairperson of the Council of Ministers Responsible for Trade;

Hon. Members of the **Bureau** of the Council of Ministers Responsible for Trade;

Our dear **Host Minister** – Hon. Alan Kyerematen; Minister of Trade and Industry of Ghana

Honourable **Ministers** responsible for Trade Present and those participating virtually;

**Chairperson** of the Committee of Senior Trade Officials, and Senior Trade Officials from all the State Parties and non-State Parties;

Colleagues from the **AfCFTA Secretariat**;

**Representatives** of Regional Economic Communities (RECs);

Partners and allied **institutions**

Distinguished Ladies and Gentlemen,

1. Greetings. I extend apologies for the postponement of the 8<sup>th</sup> Meeting of the Council of Ministers
2. I am delighted to welcome you all to this second (2<sup>nd</sup>) Ministerial Retreat on the AfCFTA Rules of Origin.
3. Allow me to take this opportunity to express my appreciation to you Honourable Ministers, for taking the time to participate both in-person and virtually in this Retreat despite your demanding work schedule and most especially during this unprecedented covid-19 pandemic period.

### ***Honourable Ministers***

4. This Retreat comes at a critical time – marking one year since the official launch of trading under the AfCFTA preferential terms. However, as we well know, there is no trading taking place under the AfCFTA preferences. Overall, progress has been made and, we expect in the coming months, that m steps to ensure the commencement of commercially meaningful trade are undertaken with specific timelines negotiations.
5. Honourable Ministers, you will recall that the first AfCFTA Ministerial Retreat took place on 10 October 2021. This Retreat was convened to resolve outstanding issues that hamper the conclusion of negotiations on rules of origin and market access, to facilitate commercially meaningful trade under the AfCFTA preferential regime.
6. Since then, we have made only modest progress. To date, 87.7% of tariff lines have been agreed, with tariff lines pending in the following areas:
  - a. textiles (10.5%);
  - b. automotive (1.4%);
  - c. sugar (0.2%); and

- d. tobacco (0.1%).
7. In the automotive sector, the Ministers may wish to recall the consensus of your previous meeting, in which you agreed that outstanding tariff lines related to Chapter 87 would remain under consultation. In line with this, the AfCFTA Secretariat convened a roundtable on the automotive sector on the sidelines of the 2nd Intra-Africa Trade Fair in Durban to create an informal platform of engagement with the private sector on the auto value chain and associated investment opportunities.
  8. On textiles, following the request of the Council of Ministers, the AfCFTA Secretariat convened a workshop on textiles with the participation of experts on rules of origin from across the continent. Several options were proposed and analysed.

***Chairperson, Honourable Ministers,***

9. The way forward is to use the March 2020 options as a basis for applying the transitional approach, as per your directions, during your 6th session. This means that for most textile-related tariff lines, we start with the CTH rule for a period of 5 years and subject it for review based on current capacities and textile value chain development, then move to the rule process to ensure the preservation of existing capacities in Africa, particularly in cotton.
10. If this proposal is acceptable to you, Honourable Ministers, the Secretariat stands ready to assist in the development of rules based on this approach, except for 6309 and 6310 (worn and used clothes), where a more stringent rule would apply.
11. With regard to sugar and tobacco, Honourable ministers may recall that you had different views of headings 1702; 1704; 2402; and 2403. With your kind approval, we would like to reintroduce these tariff lines for your consideration.

12. Honourable Ministers, the progress we make on these outstanding issues today, would go a long way towards helping us to surpass the 90% threshold.
13. Therefore, the objective of this 2nd Retreat is to continue with the engagement to finalising the AfCFTA Rules of Origin (RoO) to pave the way for the start of commercially meaningful trading under the AfCFTA preferences. This meeting today is therefore of paramount importance to expedite the conclusion of outstanding issues on Rules of Origin involving Textiles, Automotives and Agribusiness.
14. Chair, Honourable Ministers, to this end, during this Retreat, three presentations will be made: the first by the AAAM on the Status of Tariff Lines relating to Automotives under the Rules of Origin Negotiations; the second, from the Secretariat on the Status of Tariff Lines relating to Textiles under the Rules of Origin Negotiations; thirdly, from the Bühler Group on AfCFTA's African Agribusiness Opportunities, and finally, the AfCFTA Private Sector Engagement plan.
15. In view of the possible compromises on the outstanding Rules of Origin concerning various issues, high-level political leadership is required for the conclusion of the negotiations, which would enable us to meet the agreed threshold of rules of origin.
16. I am confident that the outcome of your discussions will inject the much-needed momentum into AfCFTA, while ensuring a win-win outcome for all, including serving as preparation for the start of commercially meaningful AfCFTA trading.
17. To conclude, I would like to thank the Distinguished Ministers for your continued support and guidance that has brought us this far. We need to leverage our collective achievements to help us achieve the goals

we set for ourselves; continental integration for the economic transformation of the continent, the Africa we want.

18. I count on your constructive engagement and your leadership at this important juncture.

19. I extend to all of you, your families, relatives and friends my best wishes and a Prosperous 2022.

20. With these remarks, I wish you a successful retreat.

Thank you.