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

ON OCCASION OF THE ANTALYA DIPLOMACY FORUM IN
COOPERATION WITH THE AFRICAN CONTINENTAL FREE TRADE AREA
(AfCFTA)

TITLE:

A VISION FOR DEVELOPMENT IN AFRICA

360 HALL, NEST CONVENTION CENTRE

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PROTOCOLS

- Excellencies
- Honourable Ministers
- Distinguished Guests
- Ladies and Gentlemen

1. I am pleased to take part in this distinguished panel discussion on this all important topic: “A Vision for Development in Africa,” and I thank the Antalya Diplomacy Forum for organising it.
2. Against a global backdrop of changing political and economic priorities, including the impact of the Covid-19 pandemic, Africa is charting a new course for its industrialisation and economic development, using the momentum of continental and regional integration.
3. The quest for an integrated continent led to the formation of the OAU in 1963. The OAU was initially supported by a Pan-African vision to eradicate the vestiges of colonialism and apartheid, which was eventually accomplished in the 90s after the end of apartheid in South Africa.
4. Since then, attention has been refocused on matters of economic growth and development. Accordingly, in 2002 the OAU was transformed into the African Union (AU) to spearhead the pursuit of regional integration and development.
5. Today, Africa’s vision for development - to build an integrated, peaceful and prosperous Africa, driven by its own citizens and representing a dynamic force in the international arena, is embedded in the AU’s Agenda 2063.

6. The AfCFTA, which was established in March 2018, is one of the flagship projects of the implementation plan of the Agenda 2063, Africa's long-term development strategy for transforming the continent into the global powerhouse of the future. It also embraces the UN Agenda 2030 Sustainable Development Goals.
7. Through the AfCFTA, Africa is reshaping her small and fragmented markets to create one integrated market with large economies of scale and scope.
8. Africa's economic integration is no longer a matter of choice, it is necessary if Africa is to industrialize, develop intra-regional trade, strengthen capacities to benefit from globalization, reduce vulnerability to fluctuating overseas markets, mobilize and maximize scarce resources of capital and skills, and finally forge the way to effective African unity, both political and economic.
9. Currently, the countries of the continent survive mainly on exports of a very narrow range of primary commodities to traditional markets of the North while being heavily reliant on the import of capital goods. As a result, African countries do not trade with each other that much. In Europe, 70 percent of trade happens within the continent, in Asia it's just over half (51 percent); but in Africa, no more than 18 percent of trade is between African countries.
10. As it is well known, Africa's over reliance on exports of primary commodities is detrimental to the achievement of its economic development vision. Exports of raw commodities generally attract low prices with insufficient foreign exchange revenues while downstream, along the traditional exports value chains in the destination market countries, considerable wealth and jobs are created. There is, therefore, the need to

take action to dismantle this colonial economic model by transforming the structure of Africa's economy from the primary commodity export-based one to a manufacturing industrial export-driven economy.

11. AfCFTA presents a renewed opportunity for Africa to steer its economic relations away from excessive primary commodity dependence and reliance on external creditors/donors to a new economic model based on self-reliant cooperation, value-addition and industrial activities, as well as higher levels of intra-African trade.
12. With the AfCFTA, we have an opportunity to accelerate intra-African trade and to use trade more effectively as an engine for growth and sustainable development.
13. Beyond trade in goods, the AfCFTA covers other trade-related issues that are critical to foreign direct investment strategies and activities including trade in services, competition policy, intellectual property rights, investment, dispute settlement and digital trade.
14. The finalisation of all these protocols will greatly contribute to deepening economic integration in Africa. With these additional protocols, we are further transforming the continent by removing physical and commercial barriers that have hitherto hindered trade among our countries.
15. The continent is, therefore, poised to develop a harmonized market space which will in turn promote the development of regional value chains that will be linked competitively to global value chains. The AfCFTA is in this respect expected to promote the development of manufacturing and agro-processing across Africa, and with them, accelerated economic diversification and competitiveness.

16. Thus, far from being “a simple trade agreement,” the AfCFTA is “an instrument for Africa’s development. According to a report by the World Bank, if fully implemented, the agreement will boost regional income by 7% or \$450 billion, speed up wage growth for women, and lift 30 million people out of extreme poverty by 2035. Wages for both skilled and unskilled workers will also be boosted by 10.3% for unskilled workers, and 9.8% for skilled workers.
17. The United Nations Economic Commission for Africa (ECA) projects that the value of intra-African exports will increase between 15% (or \$50 billion) and nearly 25% (or \$69.1 billion) in 2040, relative to the baseline without the AfCFTA in place.
18. This brings me to the conclusion of my opening remarks.
19. We want to use our continental economic and trade integration to build an inclusive, sustainable African economy, and with the AfCFTA, I firmly believe that the 1.3 billion Africans have greater opportunities than ever before to benefit from, and contribute to, the African economy and development.
20. Indeed, the AfCFTA presents an opportunity to turn a new page on Africa’s economic growth and development trajectory; to achieve its long-standing goal of economic diversification, through industrialisation, to further raise the standard of living of its people and to reduce poverty.
21. This transformational opportunity is unprecedented.
22. And, we are determined to make a success of this opportunity despite the challenges and the negative impacts of the ongoing Covid-19 pandemic.

Excellencies

23. An integrated, more prosperous and peaceful Africa is in everyone's interest. Like a global public good, it would translate into more trade and investment, more jobs, and more security for all.
24. For us, as Secretariat, the equitable distribution of the gains of the AfCFTA will be at the centre of its implementation. This is because, as you know, if the AfCFTA is perceived to be benefiting only a handful of relatively industrialised countries in Africa, and a handful of African Multinational Corporations, it shall be rejected by Africans, and deservedly so.
25. Ensuring that no group, sector or country feels marginalised or excluded from the benefits of the AfCFTA, will help to address the root causes of conflicts, give hope to our citizenry and set us on the road towards prosperity, seizing this century as ours.

Thank you.

REMARKS BY THEMATIC AREAS

Is the AfCFTA truly backed up by enhanced regional cooperation?

1. The momentum for cooperation and coordination among African countries, which has been on the agenda for decades, has been on the rise with the establishment of the AfCFTA.
2. As at end of February 2022, all, except one of the 55 African Union member states are signatories to the Agreement establishing the AfCFTA. Out of this number, 42 (77.8%) had deposited their instruments of ratification with the chair of the African Union Commission, making them state parties to the agreement. This makes the AfCFTA the fastest instrument to be ratified in the history of African Union.
3. Another significant milestone achieved under the AfCFTA is the launch of trading under phase I of the Agreement, covering trade in goods, trade in services and the dispute settlement mechanism, in January 2021. This was based on the significant progress made in the negotiations of the phase I protocols.
4. Although, there are some few outstanding issues pertaining to the rules of origin – where 12.3% of tariff lines are yet to be concluded, and submission of schedules of tariff concessions for trade in goods and schedules of specific commitments for trade in services are yet to be finalized, we are now in a good position to begin commercially meaningful trading in Africa, this year. This is thanks to the commitment and cooperation of the member states.
5. Today, the AfCFTA is the lens through which economic and social development in Africa is being framed. The AfCFTA now

provides a framework for infrastructure investment and foreign direct investment (FDI) in Africa. The expanded markets offered by the AfCFTA offer greater potential for FDI than ever before, especially when combined with other protocols such as investment, IPRs and continental commitments to the free movement of people.

6. The relaunch of PIDA within the framework of the AfCFTA is also another way in which the continental and regional priorities are being aligned and more focused, for effective implementation.
7. Also, several initiatives have been launched or are in the pipeline, including the recent commercial launch of the PAPSS, and the AfCFTA Adjustment Fund Management, under the Adjustment facility.
8. We are also developing regional value chains to offer countries an opportunity to use regional advantages to boost competitiveness, diversify product supply, and export products with higher value-addition, helping bolster Africa from future economic shocks. This will also help lower our import dependency on goods that can be produced and traded within the continent.
9. Going forward, sustained regional collaboration, especially through the delivery of regional public goods – such as building a well-integrated cross-border digital infrastructure and developing shared energy projects – will be key to addressing frontline challenges to successful integration and development.

Can the internal obstacles be removed to avail African companies to compete well in a liberalized regional market?

10. The successful implementation of the AfCFTA, depends importantly on the removal of tariffs and non-tariff barriers to trade. While tariffs are easily spotted and tackled, non-tariff barriers to trade are subtle and, therefore, more complex to tackle. They are a big hindrance to trade between African countries and make it complicated and expensive to move goods across the continent, costing importers and exporters billions of dollars annually.
11. Indeed, we need to remove the operational barriers so that businesses and traders, especially our SMEs; don't suffer from undue limitations placed on them in their trading activities.
12. To facilitate the process, we have developed a non-tariff barrier (NTB) reporting mechanism to respond to NTBs in real time at www.tradebarriers.africa.
13. This online tool also makes it possible for African businesses to play an active role in removing obstacles to continental trade by reporting NTBs online and having them resolved through the mechanism outlined in Annex 5 (NTBs) of the AfCFTA Agreement's Protocol on Trade in Goods. More than 600 reported barriers have been resolved through existing portals at the Regional Economic Community (REC) level. The AfCFTA NTB online tool builds on these successful regional portals, helping the entire continent boost efforts to break down NTBs.
14. According to an UNCTAD report, if these barriers are removed, the African economy could gain \$20 billion – much more than the \$3.6 billion it could recover by eliminating tariffs. Furthermore, the United Nations Economic Commission for Africa (UNECA) estimates that the AfCFTA has the potential to boost intra-African trade by 52.3% by eliminating import duties and could double trade if NTBs are also reduced.

15. In addition, there is a dispute settlements mechanism, which clearly sets out the steps and procedures for resolving any dispute that arises. It is modelled on the WTO's disputes resolution protocols, but with key improvements so that we do not end up in deadlock like the situation at the WTO's appellant body.

Will it bear similar positive results like the European Free Trade Area?

16. Successful implementation of the AfCFTA has the potential to substantially increase economic inclusion, and boost employment significantly, especially within the labour-intensive manufacturing sector, as well as reduce poverty on the continent.

17. The World Bank estimates that the AfCFTA could boost Africa's GDP by 7 percent – almost \$450 billion – by 2035, in part, by reducing import tariffs, but more importantly by eliminating non-tariff barriers (NTBs). It should also deliver notable benefits in how income is distributed, potentially lifting some 30 million people out of extreme poverty and 68 million out of moderate poverty.

18. The AfCFTA market comes with many other opportunities, including:

- i. Allows African economies to reach higher economies of scale, thus making manufacturing potentially more attractive. These benefits will certainly accrue for big and small economies alike.
- ii. Consumers will have limitless choice of quality products at affordable prices, as the AfCFTA eliminates import duties on products that are produced within Africa and that satisfy the rules of origin. The AfCFTA will also define

standards that will apply to those products in order to ensure quality.

- iii. It will bridge salary gaps between men and women. The World Bank study revealed that African women will greatly benefit as they constitute the majority of those engaged in intra-African trade.
- iv. Provides a significant opportunity for women, giving them a head start towards increasing their economic empowerment. Towards this end, we are developing a protocol on women and youth in trade to create an enabling environment for them to fully exploit the trade opportunities offered by the AfCFTA.

What does the AfCFTA hold vis-a-vis the third country partners such as Türkiye?

- 19. I would like to stress that the promise of the AfCFTA is great. It creates a continental trade bloc with a combined GDP of US\$3.4 trillion and a population of 1.3 billion people, which is estimated to reach 2.5 billion by 2050.
- 20. Africa will become a very attractive destination for Foreign Direct Investment because of its market size, with the potential for joint ventures and enhanced local content.
- 21. What we are doing, however, is to consolidate our own intra-Africa market and make it competitive so that those who are investing can see returns on their investment. Yet any investment in an AfCFTA country will provide access to the entire continent.
- 22. Foreign investors can, therefore, use Africa as a global platform, not just to capitalize on the large African market, but to benefit from the unique advantage provided to sell across the world.

23. Africa can become the base for your companies to trade not only with Africa, but also with the rest of the world. With the AfCFTA, Africa will not just be a market, but also a platform to manufacture and export to other regions of the world.
24. With respect to sectors which may have the greatest potential for your corporates looking at Africa, as earlier mentioned, 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.
25. The first initiative 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.
26. Under a second initiative, 10 value chains have been identified, 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. Also, issues of inclusivity for women, youth, SMEs and environmental sustainability, were duly considered.
27. The identified value chains are for: automotives; leather and leather products, cocoa; soya; textiles and apparel; pharmaceuticals; vaccine manufacturing; lithium-ion batteries; mobile financial services; and cultural and creative industries.

28. With this, businesses are in a better place to make sound decisions on where to invest to seize the AfCFTA opportunities.
29. And products “Made in Africa” will navigate much more easily within the continent without the obstacles of customs. Investments and products to be made in any country that is a party to the agreement within the continent will have advantages compared to export products from outside the continent, and competitive power will increase.
30. Today, there is dynamism in Africa. Indeed, Africa is a compelling investment destination.