KEYNOTE ADDRESS

ON OCCASION OF THE 1ST AfCFTA PRIVATE SECTOR CEO BREAKFAST FORUM IN UGANDA

THEME: POSITIONING THE PRIVATE SECTOR FOR NEW OPPORTUNITIES AND MARKETS FOR SUSTAINABILITY AND THRIVING ECONOMIES THROUGH AfCFTA

SERENA KAMPALA HOTEL, UGANDA
6 OCTOBER, 2022
PROTOCOLS

• Dr Joseph Muvawala, Chairperson, NPA ED

• Distinguished Guests

• Ladies and Gentlemen

Good morning to everyone.

1. I am delighted to join you at this first AfCFTA Private Sector CEO Breakfast Forum, a Platform for Uganda’s Private Sector engagement with the AfCFTA Secretary General.

2. I welcome the opportunity to dialogue with you today.

3. Let me congratulate the organisers on the initiative you have taken to organize today’s event and for bringing together more than 100 Business Leaders from Corporate and Business entities and Government Departments to participate in this important event.

4. In our conversation today, I would like to focus on the emerging opportunities for Africa, in particular, Uganda, through the single AfCFTA market of potentially all the 55 African Union member states.

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5. As you may well know, since the establishment of the AfCFTA in March 2018, several significant milestones have been achieved.

6. Progress in ratifications and negotiations has been fast.
7. Currently, 54 countries are signatories to the Agreement Establishing the AfCFTA, implying only one country remains outstanding. In addition, we now have 44 countries that have ratified and deposited their instruments of ratification, making them State Parties.

8. Phase I of the AfCFTA negotiations, covering trade in goods, trade in services and dispute settlement mechanism, are almost concluded. There, however, remain some few outstanding items bordering on the rules of origin, schedules of tariff concessions and specific commitments yet to be finalised. I will return to this point later on.

9. Phase 2 negotiations on Competition Policy, Investment and Intellectual Property Rights are on the verge of conclusion, while the Protocols on Digital trade and Women and Youth in Trade are at design stage.

10. As you may recall, given the significant progress achieved in the Phase 1 negotiations, the Assembly of African Union Heads of State and Government on 5th December, 2020 authorised the start of trading in goods using the AfCFTA preferences from 1st January, 2021.

11. January 2021, therefore, marked the beginning of a monumental milestone in Africa’s integration history, as the continent opened its markets under the Continental Free Trade Area.

12. With the implementation of the Phase 1 Protocol on trade in Goods flagged off, it is now possible to trade in ‘Made in Africa’ goods across the continent or between RECs.

13. Despite these significant achievements, we still have a long way to go and this is not the time to take our feet off the gas pedal.
14. In fact, now – at the implementation stage - is the time to bring on board more actively, the private sector operatives, supporting state-actors, and all the other stakeholders which are key to ensuring the success of the AfCFTA.

15. As it has been emphasized over time, no matter how well grounded the AfCFTA objectives are, they will remain elusive if our businesses, the micro, small, and medium enterprises (MSMEs), are unable to take full advantage of the opportunities offered by the AfCFTA, to trade and invest.

16. It is, therefore, imperative that the private sector is actively engaged for the effective implementation of the AfCFTA at all levels; national, regional and continental.

17. It is in this context that I find this forum relevant and timely.

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18. To achieve the aspiration of the AfCFTA and ensure that gains in economic growth are inclusive – of women, youth, and MSMEs – and ultimately sustainable, there is need for real action on the ground.

19. And in recognition of the pivotal role of the private sector to deliver on the promises of the AfCFTA, the Secretariat, in collaboration with our partners, has launched an inclusive Private Sector Engagement Plan, based on four initial priority value chains – agro-processing, automotives, pharmaceuticals, and transport and logistics.

20. These value chains were prioritised based on the relatively high level of import substitution today – an indicator of existing
demand in local markets, and some level of existing exports – an indicator of the ability to produce these goods locally. Sectors identified for future waves include horticulture, textiles, financial services, telecommunications, and IT.

21. These initial priority value chains are the quick wins that we are prioritising for the implementation of the AfCFTA to be successful and reduce Africa’s over-dependence on imports and stimulate intra-Africa trade and investments.

22. With this, businesses and investors, both domestic and foreign, are in a better place to make sound decisions on where to invest to seize the AfCFTA opportunities.

23. Already, an amount of US$1 billion has been mobilised by the Afreximbank for the development of the automotive value chain and to support industrialisation in the continent.

24. Ultimately, we may have to craft a continental industrialisation strategy, to be embraced by national authorities, to facilitate the attainment of the AfCFTA industrialisation and sustainability objectives.

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25. Meanwhile, our Secretariat, in collaboration with partners, has introduced various initiatives to boost intra-African trade and support the effective implementation of the agreement.

26. In February this year, the Secretariat and Afreximbank signed an agreement relating to the management of the Base Fund of the AfCFTA Adjustment Fund. The Fund will support member states and the private sector to effectively participate in the new trading environment established under the AfCFTA.
27. Also, earlier in January, another critical intervention for trade promotion and investment, the Pan African Payment and Settlement System (PAPSS), was launched by the Afreximbank in partnership with the Secretariat.

28. The platform will make it easier for Africans to use their national currencies to trade across-borders, saving the continent US$5 billion each year on transaction costs. By eliminating Africa’s financial borders, the PAPSS will release the continent from overdependence on external players and factors in achieving rapid expansion in intra-continental trade and investment. Already, 35 banks on the continent have signed on to the platform.

29. Just recently, in July, we signed an MoU with the Equity Group Holdings Plc to support the development of Africa’s agriculture and manufacturing sectors, through credit to the MSMEs. This is a valuable intervention for Africa, to accelerate economic recovery and transformation, through value addition. The target is to create 50 million jobs, half of which will be directly, by 2025.

30. Indeed, we have received several other much-needed support from partners such as UNDP, World Food Programme (WFP), and the African Development Bank (AfDB) to support the productive sectors of member states’ economies, taking into consideration, issues of inclusivity for women, youth, MSMEs and environmental sustainability.

31. Another important initiative to engage the private sector is the Intra-African Trade Fair (IATF), jointly organised by the AfCFTA Secretariat, AU Commission, the Afreximbank and the African Development Bank. The third IATF (2023) will take place in Cote d’Ivoire, in November next year.

32. Let me now highlight some AfCFTA opportunities for Uganda.
33. I am aware of studies which have showed that through the AfCFTA, Uganda can become a first-rate continental producer and provider of some of the needed goods and services. Some 21 products, for example, have been identified that have potential for expanded exports into 11 priority AfCFTA markets.

34. The products with potential in the target markets include coffee, cocoa, oil seeds, animal and animal products (milk, bovine offals), flower cuttings, dry beans, milk products (cereal flours), vegetables (potatoes, fresh, chilled), alcoholic beverages, animal feeds (beans, oil cakes) and cotton. This will be in addition to services such as tourism, communication, transport, business services, and financial Services.

35. Indeed, studies have showed that Uganda’s exports to Africa are concentrated in proximity markets mainly in East Africa, Sudan and the Democratic Republic of Congo. Uganda’s exports are, thus, highly regionalised, with more than half of all exports of goods remaining on the continent.

36. The AfCFTA opens up opportunities for Uganda to expand its intra-African trade beyond its regional partners to West and North Africa; for example, accessing the wider African market to export its goods and services without the worry of tariffs thus bringing about more revenue for much needed development in the country.

37. The country, however, needs to identify new opportunities for diversification, industrialisation, and value chain development.

38. Furthermore, although the AfCFTA can address many important demand-side constraints to trade, particularly those linked to market size, supply-side constraints must also be addressed. These include mobilising producers for bulking; value addition and standards & certification, among others.
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39. As I end my intervention, it is important to note that while, as mentioned earlier, it is now possible for State Parties to trade under the AfCFTA preferential terms, no trade is taking place.

40. As I indicated, there remain a few outstanding issues hampering our efforts to facilitate effective trading under the AfCFTA preferential regime, including the failure by all African countries to ratify the agreement, especially countries in regional economic blocs (Customs Union).

41. We need all members in such free trade arrangements to ratify in order not to adversely impact the smooth implementation of the AfCFTA and integrity of the Common External Tariff at the REC level. It is our expectation to have more ratifications before the end of the year.

42. In addition, there are still some outstanding negotiations on rules of origin and tariff offers for trade in goods.

43. The outstanding rules of origin (currently about 12%) involving textiles and clothing, automobiles, as well as sugar and edible oils, are sensitive products, with different rules among Africa’s many regional economic communities (RECs). Understandably, more time is needed to ensure the agreed rules of origin are economically and legally sound. This is crucial if these rules are to underpin Africa’s industrial development.

44. However, as a result of the non-completion of these instruments of trade, since the official launch of trading in January 2021, virtually no trading has occurred under the AfCFTA preferential terms.

45. As a solution-based approach to address the non-trading situation under the AfCFTA and to avoid the loss of momentum for our continental trade integration, the AfCFTA Secretariat in July,
2022, launched the AfCFTA Facilitated and Guided Trade Initiative to fast-track trading among the State Parties.

46. I am pleased to say that as we speak, intense preparations are underway for the start of commercially meaningful trading under the Guided Trade Initiative.

47. Eight State Parties, namely, Cameroon, Egypt, Ghana, Kenya, Mauritius, Tanzania, and Tunisia, that have met the minimum requirements and deployed the AfCFTA E-Tariff Book and the Rules of Origin Manual, are set to pilot the initiative, from this Friday, 7th October.

48. The products earmarked to trade under the AfCFTA Guided Trade Initiative include ceramic tiles; batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fiber, among others, in line with the AfCFTA focus on value chain development.

49. It is my strong conviction that more State Parties will soon join the initiative to ensure commercially meaningful trading takes place across the entire continent.

Distinguished Guests, Ladies and Gentlemen

50. As a continent, it is now time to implement the trade (and investment) rules that we have agreed on to become a much more attractive investment destination than we have ever been. This will stimulate industrialisation for a sustainable and inclusive development of the continent; leaving no African behind.

51. Indeed, economic history has revealed time and time again that trade and investment is a veritable path to development and economic progress.
52. I urge all stakeholders, governments, public officials, private sector, business communities, and civil society, to continue to work together, to support the effective implementation of the AfCFTA. It is not enough for us each to play our part. We need to work in concert, sharing expertise and capabilities, among others.

53. And I challenge you all in the private sector, to take up the opportunities offered by AfCFTA and make it a success.

54. Once again, thank you for the opportunity to address you today.