### PROGRESS REPORT ON THE IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) TO THE THIRTY SEVENTH (37th) ORDINARY SESSION OF THE AFRICAN UNION ASSEMBLY OF HEADS OF STATE AND GOVERNMENT

**FEBRUARY 2024**

**ADDIS ABABA, ETHIOPIA**

**PRESENTED BY HIS EXCELLENCY MR. ISSOUFOU MAHAMADOU, FORMER PRESIDENT OF THE REPUBLIC OF NIGER AND AFRICAN UNION CHAMPION ON AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)**

Your Excellency Azali Assoumani, President of the Union of the Comoros and Chairperson of the African Union;

Your Excellencies Heads of State and Government of the African Union;

Heads of Delegation;

Mr. Chairperson of the Commission of the African Union;

Madam Deputy Chairperson of the African Union Commission;

Mr. Secretary General of AfCFTA;

Ladies and Gentlemen, Heads of Organs and Structures of the African Union System and Regional Economic Communities;

Presidents of AfCFTA African Partner Institutions;

* + - 1. Your Excellencies, it is an honour for me to stand before you today since my last report in July 2023 in Nairobi, Kenya, at the 5th Mid-Year Coordination Meeting of the African Union and the Regional Economic Communities (RECs). This report will mainly focus on key achievements under the African Union Theme of the Year 2023: “Acceleration of AfCFTA Implementation”; and provide some key recommendations in line with Your Excellencies’ vision on deepening African economic integration, as outlined in the Agenda 2063: “The Africa We Want”.
			2. The report focuses on four (4) Sections:
	1. **Section one** deals with the current status of signature and ratification of the Agreement Establishing the AfCFTA;
	2. **Section two** provides key highlights of Achievements under the Implementation of the Theme of the Year 2023;
	3. **Section three**presents the way towards the Common African Market; and
	4. **Section four**addresses challenges and provides a way forward on the implementation process.

**SECTION ONE: CURRENT STATUS OF SIGNATURES AND RATIFICATIONS OF THE AGREEMENT ESTABLISHING THE AfCFTA**

* + - 1. Your Excellencies, as of January 2024, 47 State Parties have ratified and deposited their instruments of ratification, out of the 54 Signatories of the Agreement Establishing the African Continental Free Trade Area (AfCFTA).
			2. Your Excellencies, as we acknowledge the AfCFTA Agreement as the most rapidly signed and ratified legal instrument by Member States in the history of the African Union, work is still needed at high political level to take onboard **Eritrea**, which is yet to sign the Agreement, and the 7 Member States that are yet to ratify the Agreement, namely **Benin, Liberia, Libya, Madagascar, Somalia, South Sudan,** and **Sudan.** Having all the 55 AU Member States as State Parties to the AfCFTA Agreement will fill our desire to see each African country benefits from this important Agreement, for which we are already able to see the fruits of implementation, through the Guided Trade Initiative.
			3. Therefore, in line with the mandate your Excellencies have given to me as AfCFTA Champion, I will continue to engage the Governments of the aforementioned Member States at the highest level.

**SECTION TWO: KEY HIGHLIGHTS OF ACHIEVEMENTS UNDER THE IMPLEMENTATION OF THE THEME OF THE YEAR 2023**

1. **STATUS OF NEGOTIATIONS**
2. **Market access/Tariff liberalisation**
	* + 1. Your Excellencies, the AfCFTA Council of Ministers made some progress in terms of market access at its 12th and 13th Meetings held in December 2023 in Dar es Salaam, United Republic of Tanzania, and in January 2024 in Durban, South Africa, respectively. In fact, the Council adopted 3 additional tariff offers from Comoros, Ethiopia and Malawi, then increasing the number of adopted Provisional Schedules of Tariff Concessions (PSTCs) from 42 to **45**, as of January 2024. Meanwhile, Angola, Sao Tome & Principe and Zimbabwe’s tariff offers are undergoing technical verification by the Secretariat.

* + - 1. ***I therefore recommend to Your Excellencies to:***

***COMMEND Comoros, Ethiopia and Malawi for the submission of their Tariff Offers and ENDORSE the adoption of their technically verified offers;***

***ENCOURAGE Djibouti, Libya, Mozambique, Somalia, Sahrawi Republic, and Sudan to submit their Tariff Offers to enable the AfCFTA implementation process to be inclusive of all the State Parties; and***

***URGE State Parties to have their adopted technically verified Tariff Offers gazetted in accordance with their national laws to enable them to commence trading under the AfCFTA preferences.***

1. **Rules of Origin**
	* + 1. Your Excellencies, Rules of origin continue to be outstanding built-in agenda, after 4 years of the AfCFTA entry into force. However, there have been significant milestones in the coverage of agreed rules of origin which currently stand at **92.3%** of the total tariff lines.

* + - 1. On the outstanding rules of origin under the chapters of textiles, apparels and automotives, the 2nd and 3rd Extraordinary Meetings, and the 12th Meeting of Council of Ministers agreed on the rule for finished garments classified under chapter 61 and 62 that would require double transformation process while signalling exceptions for man-made fibres and fabrics. Such rule will ensure the preferences under the AfCFTA is given to significant and meaningful industrial activities and should attract more Foreign Direct Investment (FDI) in the Sector.
			2. For worn articles and clothes, the Council of Ministers took a commendable decision by adopting a rule that forbids second-hand clothing from being traded under the AfCFTA. This will provide the right signal and policy space to our textile private sector to develop.
			3. Your Excellencies, for automotives, a chapter rule was agreed to apply to specific tariff lines as Manufacture in which the value of all the non-originating materials used does not exceed 60% of the ex-works price of the product.
			4. Your Excellencies, the Council also finalised additional requirements of the Agreement by adopting an updated and consolidated Annex 2 on Rules of Origin with your previous decisions.
			5. ***I therefore recommend to Your Excellencies to:***

***COMMEND the AfCFTA Council of Ministers for the work done thus far in terms of AfCFTA Rules of Origin;***

 ***ENDORSE the consolidated version of Annex 2 on Rules of Origin; and***

***DIRECT the Council of Ministers to finalise all outstanding work on Rules of Origin for the automotive and textile sectors by September 2024 and submit full legally verified package of rules of origin including the updated Annex 2 and finalised Appendix 4, including any bracketed outstanding rules, for the next summit for resolution and final adoption.***

1. **Trade Remedies**
	* + 1. Excellencies, another milestone was achieved by the State Parties under the theme of the year by finalizing the legal framework for trade remedies under the AfCFTA.
			2. Annex 9 to the Protocol on Trade in Goods provides for the development and negotiations of Guidelines for the implementation of Trade Remedies. The Council of Ministers of Trade approved the Guidelines for the implementation of Trade Remedies during their meeting held from 6 to 7 December 2023 in Dar Es Salam, in the United Republic of Tanzania.
			3. ***I therefore recommend to your Excellencies to:***

***Adopt the Guidelines for the implementation of Trade Remedies under the AfCFTA;***

***Urge State Parties without legal and institutional frameworks on trade remedies to adopt them; and***

***Direct the AfCFTA Secretariat to continue assisting Member States in their efforts to build capacities in trade remedies.***

1. **Trade in Services**
	* + 1. Your Excellencies, to date, the Assembly has adopted **22** Schedules of Specific Commitment of State Parties in the five (5) priority sectors (Business, Communication, Financial, Tourism and Transport Services). There are currently 26 additional offers in the five priority sectors under negotiations, which will be submitted to you for adoption once concluded and technically verified. In addition, the work on the development of regulatory frameworks in the five priority sectors is also underway, to complement the schedules of specific commitments.
			2. Your Excellencies, on the implementation of the AfCFTA Protocol on Trade in Services, the Secretariat also extended the Guided Trade Initiative to Trade in Services (GTiS), in line with the directive issued at the 10th AfCFTA Council of Ministers Meeting for the Secretariat to develop and facilitate a parallel initiative, in line with the commitments made by State Parties with adopted schedules of specific commitments.
			3. Accordingly, in 2023, the Secretariat convened three (3) meetings of the Committee of the GTiS to enable State Parties with adopted schedules begin to identify trading relationships, along with sectors and sub-sectors of interest for the commencement of trade under the initiative. Given the complex nature of trade in services, the Secretariat (i) developed tools including concise summaries of the commitments in the adopted schedules, to support stakeholders in comprehending the market access commitments and requirements made by each country and (ii) provided capacity building on the initiative to State Parties upon request, including Kenya, Malawi, Mauritius, and Namibia.
			4. Furthermore, as part of the activities under GTiS and in line with the AU theme of the year, the Secretariat convened two (2) Trade in Services Forums in two (2) of the priority sectors - Transport Services and Tourism Services, which also included a component on Creatives and Cultural services in Africa. The primary objective of these forums was to highlight the opportunities within these sectors and to identify the challenges and barriers hindering the unleashing of their transformative potential in Africa. The engaging discussions at these forums were critical for implementation, as they brought together relevant stakeholders who collectively developed a list of action-oriented solutions and provided policy guidance towards facilitating the development of these sectors. They also served as platforms for the Secretariat to raise awareness and encourage more participation in the GTiS.
			5. Your Excellencies, as you may recall, the 17th Extraordinary Session of the African Union Assembly of Heads of State and Government, held in Niamey in November 2022, directed “*the AfCFTA Secretariat to support the implementation of the Single African Air Transport Market (SAATM) under the Guided Trade Initiative in collaboration with the African Civil Aviation Commission (AFCAC), African Airlines and other relevant stakeholders*”. In this regard, the Secretariat has continued collaboration with the African Civil Aviation Commission (AFCAC), the African Airlines Association (AFRAA) on a number of initiatives and programmes, including:
* Participation in AFCAC’s SAATM-Priority Implementation Project air shows in 2023; participation in Yamoussoukro Decision Day and Week in 2023; and
* Participation in the AFRAA LAB on Air Transport Sustainability in Africa, which seeks to formulate and develop long-term strategies to facilitate economic development and address the sustainability and competitiveness of Africa's aviation sector.
	+ - 1. ***Excellencies, I then recommend you to:***
1. ***COMMEND the five (5) East African Community (EAC) Partner States (Burundi, Kenya, Rwanda, Uganda and United Republic of Tanzania) for gazetting their adopted Schedules of Specific Commitments in the five priority sectors;***
2. ***ENCOURAGE the other seventeen (17) Member States with adopted Schedules of Specific Commitments in the five priority sectors to gazette their schedules of specific commitments;***
3. ***URGE the remaining twenty-six (26) Member States with offers to fast-track the submission of their Schedules of Specific Commitments in the five priority sectors under the AfCFTA Protocol on Trade in Services;***
4. ***URGE Member States to expedite the conclusion of negotiations on the Regulatory Frameworks and mutual recognition agreements in the five priority sectors;***
5. ***ENCOURAGE Member States with adopted Schedules of Specific Commitments to seize the opportunities created by the liberalisation under the Protocol on Trade in Services, through the Guided Trade Initiative in Services; and***
6. ***DIRECT the Secretariat to continue its collaborative work with AFCAC, AFRAA and other relevant stakeholders to support the implementation of the Single African Air Transport Market.***
7. **The AfCFTA Protocol on Investment**
	* + 1. As you may recall, the AfCFTA Protocol on Investment was adopted by the African Union (AU) Assembly of Heads of State and Government in February 2023, with the directive to review Articles 19 and 21 of the AfCFTA Protocol on Investment. The Articles have since been reviewed by the AfCFTA Council of Ministers and submitted to Your Excellencies for consideration and guidance on the bracketed Article 21 (1).
			2. ***I therefore recommend to Your Excellencies to:***
8. ***PROVIDE guidance on the way forward regarding the existing bracket on Article 21 (1) of the AfCFTA Protocol on Investment; and***
9. ***DIRECT the Council of Ministers to conclude the outstanding work on the development of the Annexes to the AfCFTA Protocol on Investment.***
10. **Remaining Protocols**
	* + 1. Your Excellencies will recall your Directive at the 17th Extraordinary Session of the AU Assembly held in Niamey in November 2022, to conclude negotiations of the Protocols on Digital Trade and Women and Youth in Trade by July 2023. I then wish to inform you today that, as you directed, the AfCFTA Council of Ministers have concluded negotiations on these remaining Protocols. I would like to commend Member States for their efforts and commitments towards the conclusion of these last two Protocols. I would like also to commend and thank the Specialised Technical Committee on Justice and Legal Affairs which committed to convene and have these Protocols ready for adoption by the Assembly, after their legal scrubbing.
			2. Your Excellencies, the Protocol on Digital Trade is submitted for your adoption with bracketed Articles 5 and 6 for your guidance, given the importance of the Protocol on Digital Trade in boosting intra-Africa trade and ensuring that Africa is not left behind in the rapidly progressing digital revolution.
			3. ***I therefore recommend to Your Excellencies to:***
11. ***ADOPT the AfCFTA Protocol on Digital Trade and the AfCFTA Protocol on Women and Youth in Trade; and***

1. ***COMMEND the Republic of Kenya whose Cabinet Secretary for Investment, Trade and Industry, Mrs. Rebecca Miano, graciously offered to be the Champion of Digital Trade under the AfCFTA.***
2. **PRIVATE SECTOR ENGAGEMENT AND IMPLEMENTATION ACTIVITIES**
3. **The AfCFTA Guided Trade Initiative (GTI)**
	* + 1. Your Excellencies will recall that the Guided Trade Initiative was officially launched on 7 October 2022 and sought to facilitate commercially meaningful trading among State Parties that were ready to trade under the AfCFTA regime. The first phase of this initiative covered only Trade in Goods with 7 pioneer countries: namely Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania.
			2. In 2023, the year of “Acceleration of AfCFTA Implementation”, the AfCFTA Secretariat embarked on expanding the Initiative into a second phase, both in products and participating countries across the 5 African regions and Islands. The second phase also covers Trade in Services. In fact, the ongoing preparation of the 2nd phase of the AfCFTA Guided Trade Initiative has witnessed 35 interested AU Member States. This has been achieved by the AfCFTA Secretariat increasing stakeholder engagements in the respective counties by deepening discussions on the AfCFTA implementation and providing technical assistance where needed. These 35 countries include:
* **Eastern Africa Region:** Kenya, Rwanda, United Republic of Tanzania and Uganda;
* **Central Africa Region:** Cameroon, the Democratic Republic of the Congo (DRC), Burundi, Gabon, the Republic of Congo, Central African Republic, Equatorial Guinea and Chad;
* **Northern Africa Region:** Egypt, Algeria, Tunisia and Morocco;
* **Southern Africa Region:** Angola, Botswana, Namibia, South Africa, Zimbabwe, Malawi, Lesotho and Eswatini;
* **Western Africa Region:** Ghana, Cote d’Ivoire, Nigeria, Senegal, Sierra Leone and Togo; and
* **Island States:** Mauritius, Cape Verde, Comoros, Madagascar and Seychelles.
	+ - 1. These stakeholder engagements enabled the identification of a range of products ready for trading under the AfCFTA and continues in 2024 with the official ceremony of the 2nd phase of the initiative to be hosted by the Republic of Rwanda, in October 2024.
			2. Your Excellencies, with your strong political will and your unwavering support, the African Continental Free Trade Area is a market that is taking shape every day as illustrated by the most recent trading that took place under the initiative. Some of them include:
* The issuance of the first AfCFTA Certificates of Origin by the United Republic of Tanzania for a shipment of coffee to Algeria;
* Tunisia’s first AfCFTA Certificate of Origin for chemical and agro-food products exported to Cameroon; and
* The issuance of the first AfCFTA Certificates of Origin by South Africa for a shipment of consignment to other African countries (South Africa launched its preferential trade under the AfCFTA on 31 January 2024).
	+ - 1. Excellencies, while celebrating those positive developments, our private sector expressed their desire for more inclusiveness and liberalisation in the market. You may recall that the current tariff modalities allowed countries and custom unions to exclude 10% of the total products traded among our State Parties from benefiting from the Agreement. Additionally full liberalisation will only be achieved after 10 years, which is another point that has been raised by our private sector.
			2. ***Excellencies, I then recommend you to:***
1. ***COMMEND the 35 Member States interested in participating in the 2nd phase of the AfCFTA Guided Trade Initiative;***
2. ***COMMEND the Republic of Rwanda for offering to host the 2nd phase of the AfCFTA Guided Trade Initiative in October 2024; and***

1. ***ENCOURAGE all other Member States to fast-track and conclude their national processes for domestication of the provisions of the Agreement, and for gazetting their adopted technically verified tariff, in view of their readiness to trade preferentially under the AfCFTA, through the Guided Trade Initiative.***
2. **The AfCFTA Adjustment Fund**
	* + 1. Your Excellencies, the AfCFTA Adjustment Fund has been officially launched and operationalized in March 2023, with the signing of the Fund Management Agreement. I would like to commend the Republic of Rwanda for having offered to host the Fund and for signing the Host Agreement. This is further evidence of the strong political will to make an effective contribution to the AfCFTA implementation process. I would like also to commend Afreximbank which, by already committing $1 billion towards the Fund, out of the required $10 billion over the next 5-10 years for its full operationalisation. This demonstrates the commitment of our continental financial institutions in Africa’s developmental projects, such as the AfCFTA.
			2. The main reason for the AfCFTA Adjustment Fund is to compensate revenue losses that some State Parties may experiment in the tariff liberalisation process for the full implementation of the AfCFTA. This instrument then aims at mobilising funds to support the Private Sector to adapt to the new trade environment under the AfCFTA Agreement.
			3. On the operational side, the Fund for Export Development (FEDA) held its inaugural Board Meeting in September 2023 in Kigali, Rwanda. During this meeting, the operational guidelines for the Credit and General Fund were adopted, while the operational guidelines for the Base Fund (voluntary contributions of Member States) are expected to be finalized by the end of March 2024.
			4. ***Excellencies, I therefore recommend you to:***
3. ***WELCOME the formation of the Board for the Adjustment Facility Fund Management;***

1. ***DIRECT the Council of Ministers to fast track the finalisation of the operational guidelines for the Base Fund; and***
2. ***DIRECT that the programme window within the AfCFTA Adjustment Fund prioritise support to the establishment and finance of AfCFTA trading companies or trade aggregating companies in the State Parties to accelerate the AfCFTA implementation.***
3. **Customs Cooperation and Trade Facilitation**
	* + 1. Your Excellencies, in terms of Customs Cooperation and Trade Facilitation and in line with the Decision of the 35th Ordinary Session whereby the AU Assembly endorsed the “*corridor approach to trade facilitation interventions towards the implementation of the AfCFTA*”, the AfCFTA Secretariat started the assessment of trade corridors on the continent and has been able to assess 6 trade corridors in 2023. These include the Abidjan-Lagos Corridor, the Northern Corridor (from the port of Mombasa in Kenya to DRC via Uganda and Rwanda), the Central Corridor (from the port of Dar es Salaam in Tanzania to Rwanda, Burundi and Uganda), the North-South Corridor of SADC, the Central Africa Corridor (country visited include Cameroon, Gabon and Congo) and the North African Corridor. I would like to express my gratitude to the Governments of the countries covered by these respective corridors for having supported and facilitated the work undertaken by the teams of the AfCFTA Secretariat.
			2. Many identified interventions emanated from these ground assessments, for instance the development of a roadmap for Trade Facilitation in the Abidjan Lagos Corridor; the need to develop a strategy for a fast-track lane for food and pharmaceutical; the need to establish a framework for interoperability in the Continent and a strategy for capacity building for users of prioritized corridors. There is also a need to streamline and modernize Transit procedures through interventions such as the development of a continental bond guarantee that will secure any customs duties as goods move in transit across the continent.
			3. I would like to take this opportunity to commend the AfCFTA Council of Ministers for the progress achieved on trade facilitation and salute the decision it made at its 13th meeting, to direct the Secretariat to mobilise funds to develop trade facilitation infrastructure in State Parties in order to enable successful implementation of the AfCFTA Trade Facilitation.
4. **The AfCFTA Business Forum**
	* + 1. Your Excellencies, the AfCFTA Secretariat, in collaboration with the South African Government and under the High Patronage of President Cyril Ramaphosa, President of the Republic of South Africa, who I take the opportunity to commend, organised a successful in-person Business Forum, from 16 to 18 April 2023, in Cape Town. The event, which attracted more than 1,200 physical participants and almost 2,000 virtual participants from 63 countries in Africa, Europe, Asia, the Americas and the Diaspora, aimed, *inter alia*, at (i) creating awareness of the current trade and investment opportunities in the AfCFTA among Africa’s business community; (ii) connecting businesses to funding opportunities for AfCFTA value chains; (iii) establishing a private sector engagement platform for continued consultations on private sector needs in the implementation of the AfCFTA; (iv) promoting a private sector-friendly environment, especially for Micro, Small and Medium Enterprises led by Women and Youth; and (v) unlocking more accessible and affordable trade finance opportunities.

* + - 1. The fruitful engagements during the forum deliberated on (i) the recognition of the crucial role of the private sector in the implementation of the AfCFTA and the importance of actively involving them through public-private dialogue, in order to ensure that their needs are taken into account by policies; (ii) the urgency of State Parties to domesticate the instruments of the AfCFTA in order to allow more significant trading under the AfCFTA preferential regime; and (iii) the necessity to improve the conditions of access of financing to SMEs.
			2. Given the importance of such a platform of dialogue at continental level with the private sector and other relevant stakeholders, I am pleased to inform to Your Excellencies that the forum will now be convened annually and will now be known as “**BIASHARA AFRIKA**”. The next edition will be held in October 2024, in Kigali, Rwanda, together with the 2nd phase of the Guided Trade Initiative.
1. **Operationalisation of AfCFTA National Implementation Committees**
	* + 1. Your Excellencies will recall the Decision at the 31st Ordinary Session of the AU Assembly, held on 1-2 July 2018 in Nouakchott, Mauritania, where the Assembly committed “*to establish National Committees on AfCFTA to ensure meaningful participation of all stakeholders and come up with national AfCFTA and Boosting Intra-African Trade strategies*”. I am glad to inform Your Excellencies that the AfCFTA Secretariat has been working with Partners to support State Parties in the establishment of National Implementation Committees and development of AfCFTA Implementation Strategies.

* + - 1. To date, 15 State Parties including **Cameroon, Central African Republic, Congo, Comoros, Cote d’Ivoire,** **Democratic Republic of the Congo, Egypt, Gabon, Ghana, Kenya, Malawi, Nigeria, Rwanda, Togo, and Tunisia** have formally informed the Secretariat of the establishment of their National AfCFTA Implementation Committees; 6 identified State Parties including **Angola, Djibouti, Namibia, Sao Tome and Principe, Senegal and South Africa** are using existing Structures for their respective National AfCFTA Implementation Committees. The Secretariat is still working to support other State Parties in establishing theirs. Also, in collaboration with our development Partners, 27 State and non-State Parties have been able to develop their respective AfCFTA Implementation Strategies. ECOWAS, EAC, IGAD, and ECCAS have developed and validated their respective Regional AfCFTA Implementation Strategies.
			2. Excellencies, allow me one more time to salute your strong leadership and political will and commitment both at national and regional levels towards the AfCFTA process. I encourage all other Member States and RECs to fast track their national and regional processes towards the validation of their AfCFTA Strategies and establishment of their AfCFTA Implementation Committees.
1. **The Role and participation of women and youth in the AfCFTA implementation process**
	* + 1. Your Excellencies will recall your Decision on African Continental Free Trade Area (AfCFTA) at your 35th Ordinary Session in February 2022. In fact, you recalled your commitment “*to broaden inclusiveness in the operation of the AfCFTA through interventions that support women, young Africans, small and medium sized Enterprises as well as integrating small informal traders by implementing simplified trade regime and decided to include the Protocol on Women and Youth in Trade in the scope of the AfCFTA Agreement*”.

* + - 1. In this regard and recognising the immense potential of Africa's women and youth, the AfCFTA Secretariat collaborated with women and youth in trade organizations as well development partners in organizing programmes that ensure active participation of women and youth in the African trade integration process. As a result, the significant milestone achieved in 2023 were the successful convening of the 1st AfCFTA Youth Symposium, the 2nd AfCFTA Conference on Women in Trade and mainly the conclusion of the negotiations of the AfCFTA Protocol on Women and Youth in Trade which will be submitted for your adoption during this Ordinary Session.
			2. In collaboration with the Government of the Republic of Zambia, the AfCFTA Secretariat organised the AfCFTA Youth Symposium from 21 to 23 August 2024, in Lusaka, under High Patronage of H.E. Hakainde Hichilema, President of the Republic of Zambia. The the aim of the Symposium was to raise awareness among youth about the opportunities that the AfCFTA market can offer to SMEs, Start-ups, and other youth-led businesses. The event attracted more than 1,500 young African participants both in-person and virtually, which demonstrate the hope that the African youth is putting on the AfCFTA. The Youth Symposium was also an opportunity for young producers to showcase their products and promote the “Made in Africa” goods produced by young African entrepreneurs. The key outcome of this event was the need for the inclusiveness as pre-empted by Excellencies’ vision.
			3. Similarly, the AfCFTA Secretariat convened, in collaboration with the Government of the United Republic of Tanzania, the 2nd AfCFTA Conference on Women in Trade, from 6 to 8 December 2023 in Dar es Salaam, under the High Patronage of H.E. Samia Suluhu Hassan, President of the United Republic of Tanzania and Champion of Women and Youth in Trade under the AfCFTA. The event attracted about 1,300 participants mainly made of women entrepreneurs and businesses, both in-person and virtually. Always on the path of inclusiveness, the key recommendation from the Conference was the request for African Governments to ensure that about 40% of Government procurement be allocated to local procurement which will be inclusive of women and youth in trade. Other recommendations included the request for access to information, finance, capacity building, digital tools, trade facilitation measures such as the simplified trade regime and the increased effective participation of women and youth in regional value chains.
			4. ***Your Excellencies, I wish to recommend you to:***
1. ***COMMEND the Republic of Zambia and the United Republic of Tanzania for having successfully hosted the AfCFTA Youth Symposium and the 2nd AfCFTA Conference on Women in Trade, respectively; and***
2. ***ADOPT the AfCFTA Youth Symposium as an annual event of the Secretariat.***
3. **The Intra-African Trade Fair 2023**
	* + 1. Your Excellencies, the 3rd Edition of the Intra-African Trade Fair has been organised from 9 to 15 November 2023 in Cairo, Egypt, by Afreximbank, in collaboration with the African Union Commission, the AfCFTA Secretariat and the Government of the Arab Republic of Egypt, the host country. This edition attracted more than 28,000 participants and 1,900 exhibitors and witnessed the conclusion of business deals and transactions valued at about US$ 43.8 billion, US$1 billion more than the previous edition in 2021. These figures are encouraging, and show that with an effective and operational AfCFTA, intra-African trade can really be boosted.

* + - 1. I wish to commend the People’s Democratic Republic of Algeria which will host the 4th Edition of the IATF in 2025.
1. **The AfCFTA at the World Economic Forum**
	* + 1. Your Excellencies, in its impetus to engage the private sector on the AfCFTA implementation process and on the benefits of the AfCFTA preferential regime, the AfCFTA Secretariat worked with the World Economic Forum to engage the international business community to raise awareness about business opportunities under the AfCFTA. The result of this work is the publication in 2023 of a joint report on opportunities in the 4 priority sectors of the AfCFTA (Agriculture and Agro-processing, Automotive, Pharmaceuticals and Transport & Logistics) that were identified in the Private Sector Strategy adopted by the AfCFTA Council of Ministers in 2022.
			2. Moreover, I would like to thank and commend H.E. Nana Addo Dankwa Akufo-Addo, President of the Republic of Ghana, and H.E. Paul Kagame, President of the Republic of Rwanda, as under their leadership, the AfCFTA Secretariat launched, an “AfCFTA Private Sector Action Plan” recently during the World Economic Forum in January 2024, where 12 companies identified investment opportunities in a range of different sectors within the AfCFTA. Excellencies, this shows that beyond your shared vision on the economic integration of the continent and your political decisions, you are also on the ground at the forefront of the implementation of the AfCFTA. This is to be strongly commended.

**SECTION THREE: WAY TOWARDS THE COMMON AFRICAN MARKET**

* + - 1. Your Excellencies, I wish to recall the Decision made during the 32nd Ordinary Session of the African Union Assembly of Heads of State and Government held in Addis Ababa, Ethiopia, from the 10 to 11 February 2019, which "*requested the Commission, in collaboration with technical partners, to undertake an assessment of the requirements and challenges for the establishment of a future common market, including their implications, for consideration by the African Union Ministers of Trade*".
			2. In fact, with this Decision in mind, I strongly advocate for a decisive shift towards the establishment of a Common African Market since the foundation has been firmly laid with the AfCFTA Agreement and its Protocols, providing a robust framework for Continental Integration. This not only underscores Your Excellencies’ collective commitment, demonstrated through unwavering political vision, will and decisions, but also boasts the remarkable speed with which the AfCFTA Agreement has entered into force, something which constitutes an unprecedented accomplishment of the African Union. I am confident that, with this momentum, we can propel ourselves toward the realisation of a united and thriving Common African market.
			3. Indeed, the AfCFTA Protocols already provide the key elements for a continental common market such as the free movement of goods, services, persons, and investment, as well as the rights of establishment and residence. The Protocols also cover other important areas of competition policy, intellectual property rights, digital trade, and women and youth in trade, which are vital for coordination and harmonisation in a common market setting. Moreover, advancing towards a Common African Market aligns with the Abuja Treaty's principles, and I believe moving towards that is the logical step.
			4. ***Your Excellencies, in my capacity of African Union Champion on the African Continental Free Trade Area mandated by you, I submit this reflexion to your appreciation and I would recommend that you DIRECT the AfCFTA Council of Ministers and the AfCFTA Secretariat to undertake the necessary actions, in line with the above-mentioned Decision, in view of the establishment of the Common African Market, through the African Continental Free Trade Area*.** ***I would be glad to report back to you on this matter at your 38th Ordinary Session***.

**SECTION FOUR: CHALLENGES AND WAY FORWARD**

1. **CHALLENGES**
2. **Financial challenges**
	* + 1. Your Excellencies, in terms of financial challenges, I would highlight the Secretariat's financial difficulties and the challenges of funding projects related to the implementation of the AfCFTA.
			2. Regarding the Secretariat, Your Excellencies will recall that at your 35th Ordinary Session in February 2022, you adopted the structure with 296 positions and instructed that “*the recruitment of those positions should be phased over a period of four (4) years and subject to budget availability*”. The Secretariat has already completed the Phase 1 recruitment in 2022. But due to budget constraints, the Secretariat has not been able to make progress with Phase 2 recruitment in 2023 as a result of fund shortage and also because the 2021 Operation Balance of the AfCFTA intended for the Phase 2 recruitment has been put on hold by the Committee of the Fifteen Ministers of Finance (F15). Reinstating the USD 2.9 million will enable the Phase II recruitment to continue.
			3. Furthermore, Your Excellencies, beyond the operational budget that the AfCFTA Secretariat needs for its functioning, the Secretariat, in line with mandate, has developed operational projects related to the implementation of the AfCFTA that need to be funded. Some of them, such as the Business Forum renamed BIASHARA AFRIKA, the Conference on Women in Trade, the Investment Forum, are instrumental for the Private Sector engagement. I would like also to mention the various agencies to be established under the Agreement that need funding. In 2023, African Union Member States only contributed 4% to the annual operational budget of the Secretariat and our African Financial Institutions 18%. This means, Your Excellencies, that more than 75% of that budget came from partners outside the continent. In other words, we are over reliant on international partners for a flagship project that is ours. Excellencies, that was the alarm bell I wanted to ring so that you would take stock of the situation and so that, through your political will, we can take control of our future, the future of our continent.
			4. ***Your Excellencies, I therefore wish to recommend you to:***
3. ***DIRECT the Committee of the Fifteen Ministers of Finance (F15) to reinstate the USD 2.9 million from the 2021 operational balance for the AfCFTA originally intended for the Phase II recruitment (which is now on hold) and was duly approved by the 40th Ordinary Session of the Executive Council in February 2022 (EX.CL/Dec.1143(XL)); and***
4. ***ENCOURAGE Member States to increase their financial commitments to the work of the AfCFTA Secretariat for it to be able to carry out its mandate.***
5. **The role of African Development Financing Institutions**
	* + 1. Your Excellencies, I would like to refer to my last report to the 5th Mid-Year Coordination Meeting in July 2023 in Nairobi, Kenya. In fact, the implementation of the AfCFTA raises the issue of trade finance. Africa must have its own financial system with African financial institutions adapted to the imperatives of development, policies, projects and programmes and the requirements of trade on our continent. The relevant provisions of the 1991 Abuja Treaty already provided for the establishment of African Financial and Monetary Institutions.
			2. In my role as Champion of the AfCFTA, I have seen the vital support that the African Export-Import Bank (AFREXIMBANK), the African Development Bank (AfDB) and other African Financing Institutions have provided to the AfCFTA process. I would like to thank and commend them for their firm commitment to the AfCFTA. In the same vein of trade financing in Africa and to be more practical and pragmatic in mobilising resources to develop specific industrialisation projects on the continent, I would to call upon our African development financing institutions, in particular Afreximbank, the African Development Bank and the African Finance Corporation, as well as the Regional Investment and Development Banks of our various Regional Economic Communities, to combine their efforts to fund together key development projects that the AfCFTA Secretariat, in collaboration with the Commission and other African Union bodies such as AUDA-NEPAD and Africa CDC, will have identified in order to accelerate the implementation of the AfCFTA and other flagship projects of Agenda 2063.
			3. ***Your Excellencies, I therefore wish to recommend you to:***
6. ***INVITE, either to the 6th Mid-Year Coordination Meeting or to the 38th Ordinary Session, Afreximbank, AfDB and the African Finance Corporation to commit to funding priority development projects on the continent; and***
7. ***CONSIDER the possibility of AFREXIMBANK being admitted and recognised as a Specialised Agency of the African Union.***
8. **WAY FORWARD**
9. **Reappointment of the current Secretary-General**
	* + 1. Your Excellencies will recall that, at your 33rd Ordinary Session held in February 2020, you decided “*to appoint Mr. Wamkele Mene as Secretary-General of the African Continental Free Trade Area for a four-year term*”. 2024 marks the end of his tenure and, Excellencies, we are all witnesses of the work he has done, and the progress achieved in the AfCFTA implementation process, under his role as Secretary-General.
			2. The AfCFTA Council of Ministers deliberated on this item at its 12th Meeting held in December 2023 and, upon presentation by the Office of the Legal Counsel on the possible options, and in line with Articles 9 to 13 of the AfCFTA Agreement, decided to recommend to Your Excellencies, through the Executive Council, the reappointment of the current Secretary-General.
			3. ***As the African Union Champion on AfCFTA, I endorse this recommendation that I submit to Your Excellencies to REAPPOINT the current Secretary-General of the AfCFTA, Mr. Wamkele Mene, for another four-year term.***
10. **Review of the AfCFTA Agreement**
	* + 1. Your Excellencies, Article 28 of the Agreement establishing the African Continental Free Trade Area states that: “*This Agreement shall be subject to review every five (5) years after its entry into force, by State Parties, to ensure effectiveness, achieve deeper integration, and adapt to evolving regional and international developments*”. May 2024 will mark the fifth year since the Agreement entered into force on 30 May 2019.
			2. This means that work towards the review of the Agreement shall commence in due course, in line with the provisions of Article 29 of the Agreement on Amendments.
			3. ***In this regard, I therefore recommend Your Excellencies to:***
11. ***INSTRUCT the Depositary of the Agreement and the AfCFTA Secretariat to take necessary measures for the start of the review of the Agreement in due course; and***
12. ***ESTABLISH a Dedicated Sub-Committee of Heads of State and Government to specifically address matters related to the AfCFTA, in line with the provisions outlined in Articles 9, 10, 11, 12, and 13 of the Agreement, which pertain to the Administration and Organisation of the AfCFTA.***
	* + 1. Your Excellencies, as I conclude, allow me to extend my heartfelt gratitude to all of you for your continuous support in providing policy guidance regarding the AfCFTA implementation process. I would like also to salute the leadership of His Excellency Azali Assoumani, President of the Union of the Comoros, who spared no effort in availing himself on the ground to accelerate the implementation of the AfCFTA, during his tenure as Chairperson of the African Union in 2023.

Thank you for your kind attention.