
DRAFT

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

**PRESENTATION
ON
THE AfCFTA - ADVANTAGES AND OPPORTUNITIES FOR
PROMOTING SUSTAINABLE DEVELOPMENT'**

**AT THE CONSULTATION WORKSHOP ON
MOZAMBIQUE'S TARIFF OFFER PROPOSAL FOR THE
AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)**

INDY VILLAGE HOTEL, MAPUTO CITY
MOZAMBIQUE
13 MARCH, 2024

His Excellency Adriano Afonso Maleiane, Prime Minister of the Republic of Mozambique,

Hon. Silvino Augusto José Moreno, Minister of Industry and Trade,

Excellencies,

Honourable Ministers,

Distinguished guests

Ladies and Gentlemen

1. I am honoured and delighted to join you this afternoon at this important event, where I have the distinct opportunity to speak on the advantages and possibilities the AfCFTA brings in advancing sustainable development.
2. Let me start by expressing my sincere gratitude to the Government of the Republic of Mozambique, through the Ministry of Industry and Trade, for organising this crucial forum and for kindly inviting me to contribute.
3. I would also like to commend the Republic of Mozambique for its proactive steps as the 47th member state to ratify the Agreement Establishing the AfCFTA, highlighting its commitment to the implementation of the agreement. This forum, aimed at collating insights from various sectors on the country's Tariff Offer Proposal and its implications on revenues, production, and market competitiveness, is an important step in this process.
4. I am confident that this collaborative approach will ensure that Mozambique's tariff policies (proposal) contribute positively to the overall economic prosperity of the country and the continent at large. Engaging diverse sectors in this dialogue fosters broader support for these policies, ensuring a smoother transition and compliance. Insights from the private sector are particularly invaluable, as they shed light on market dynamics and the potential impacts of tariff adjustments on the country's competitiveness. This feedback is important to ensure that

tariffs do not inadvertently harm local industries or discourage innovation but enable industrial development.

Excellencies, Distinguished Ladies and Gentlemen

5. The AfCFTA represents a significant milestone in Africa's economic history, marking our collective effort to create a single market that spans the entire continent to enhance trade and promote growth. By boosting intra-Africa trade, the AfCFTA seeks to use trade as an engine of growth and sustainable development.
6. Historically, the volume of trade among African countries has been relatively low compared to other regions, partly due to high tariffs, non-tariff barriers, and a lack of adequate infrastructure.
7. The AfCFTA encourages innovation, competitiveness, and value addition, enabling countries to participate more actively in the broader African market.
8. Indeed, by opening up access to a larger market, the AfCFTA encourages countries to diversify their exports and move up the value chain into manufacturing and industrial activities. This shift can reduce the continent's dependence on exporting raw materials and promote the development of local industries, creating jobs and adding value to African economies.
9. Furthermore, a consolidated market under the AfCFTA enhances the continent's appeal to investors, both from within Africa and globally. The prospect of a single regulatory framework and a market of over 1.4 billion people can encourage investment in sectors critical for sustainable development, such as renewable energy, infrastructure, and technology. Increased investment can drive economic growth, create employment opportunities, and enhance technological capabilities.
10. The AfCFTA not only boosts trade but also ensures it promotes sustainable development, including social inclusion, environmental protection, and economic development that benefits all segments of society.

11. The agreement offers a plethora of opportunities for sustainable development. From improving agricultural exports and food security through effective regional integration, to advancing the digital economy and building resilience to global shocks, the AfCFTA paves the way for a sustainable economic transformation.
12. The AfCFTA encourages the growth of green industries and the adoption of eco-friendly technologies, promoting the harmonization of policies to maintain sustainability standards across the continent. Moreover, it provides a collaborative platform where our countries address climate change and environmental protection, enabling more effective management of cross-border environmental concerns.

Excellencies, Distinguished Ladies and Gentlemen

13. The AfCFTA has today transitioned from vision to reality. Officially entering its implementation stage on January 1, 2021, the AfCFTA witnessed the commencement of trading in October 2022 under the Guided Trade Initiative (GTI). Initially starting with seven pilot countries, the initiative has now expanded to include 35 countries in its second phase, covering both trade in goods and services.
14. The stakeholder engagements to identify products ready for trading under the AfCFTA is still ongoing and we anticipate that the 2nd edition of the initiative will be officially launched in October this year, in Kigali, Rwanda.
15. The GTI's success lies in its demonstration that products can indeed be exported and imported across Africa using AfCFTA documents and procedures. However, it also revealed some initial challenges, such as customs officials' unfamiliarity with specific tariff schedules and delays in consignment deliveries. These teething problems underscore the need for continued efforts to streamline and enhance the trading process under the AfCFTA.
16. Meanwhile, regarding trade in goods, notable progress has been made. Of the 48 tariff offers submitted to the AfCFTA Secretariat, 45 have been technically verified and approved by the Council of Ministers, implying

that these 45 State Parties are ready to trade under the AfCFTA's preferential trade regime.

17. Measures are ongoing to remove the obstacles to efficient movement of the AfCFTA goods along the main trade Corridors, including via the creation of institutional structures for the elimination of such barriers and reporting and monitoring tools.
18. Meanwhile, significant progress has been made in finalising the AfCFTA rules of origin, with coverage now at 92.43% of total tariff lines. This set of rules places the continent on a clear path toward facilitating easy trade and investment.
19. The remaining 7.57% of rules of origin pertain to textiles and apparel as well as automotives. Our expectation is that the State Parties will conclude the outstanding rules of origin by the end of June this year, in line with the directive of the Assembly of Heads of State.
20. In the area of Trade in Services, there has also been progress with 22 Schedules of Specific Commitment adopted in the five priority sectors (Business, Communication, Financial, Tourism, and Transport Services). Currently, there are 26 offers in these priority sectors that are under negotiation.
21. With the 37th session of the Assembly of Heads of State last February adopting the protocols on digital trade and women and youth in trade, all phase I and II legal instruments of the AfCFTA have now been concluded and incorporated into the AfCFTA framework.
22. As a result, in the coming months, the breadth of the AfCFTA's implementation is set to expand significantly. The focus will shift towards the enforcement of competition and investment regulations, the harmonisation of standards, and the protection of intellectual property rights. With the recent adoption of protocols on digital trade and the inclusion of women and youth in trade, efforts to operationalise these critical components are also intensifying.

23. In addition to the protocols, we are implementing various initiatives and programmes designed to support the successful implementation of the AfCFTA.
24. In this context, the AfCFTA private-sector engagement strategy, which focuses on four priority value chains, namely, agro-business, automotives, pharmaceuticals, and transport and logistics, serves as a guide. This strategy assists companies to better understand their overall pan-continental strategies along with specific initiatives and policy recommendations in the sectors prioritised by the AfCFTA.
25. As you may be aware, the AfCFTA Adjustment Fund was officially operationalised in March 2023, with the signing of the Fund Management Agreement, and the establishment of the Board for the Adjustment Fund Management marks a crucial step forward.
26. The AfCFTA Secretariat, in collaboration with Afreximbank, conducted an in-depth study on tariff revenue loss across 45 State Parties. The study provided a detailed examination of the fiscal impacts of tariff reductions, and set the stage for the development of operational guidelines for the Adjustment Fund.
27. Furthermore, the Fund for Export Development (FEDA) held its inaugural Board Meeting in September 2023 in Kigali, Rwanda. At this meeting, the operational guidelines for both the Credit and General Funds were adopted. The operational guidelines for the Base Fund are expected to be finalized by the end of this month.
28. The pan-African payment and settlement system (PAPSS), is a transformative tool that enables users to make near-instant payments in their local currency without needing to convert to a foreign currency or use a third-party institution.
29. Other instruments that have been provided to facilitate trading under the AfCFTA, include the AfCFTA e-Tariff Book , the Rules of Origin Manual, the the Intra-African Trade Fair, and the AfCFTA Business Forum, now rebranded “Biashara Africa”.

Excellencies, Distinguished Ladies and Gentlemen

30. In concluding, the AfCFTA offers Mozambique significant prospects to diversify and increase its exports across Africa, leveraging its existing trade relationships, especially with SADC and South Africa. Mozambique should capitalize on the AfCFTA to boost job-creating exports by resolving bottlenecks and aligning with its industrial strategy, the National Programme of Industrialisation (PRONAI), to focus on export prioritization.
31. The AfCFTA offers opportunities to expand trade with African partners, establish new partners, expand exports of products where Mozambique has an established production basis, and potentially explore new export opportunities.
32. Studies indicate that Mozambique has the potential to expand its exports to African markets, benefiting from tariff reductions below current MFN tariffs in various sectors, including emerging products like aluminium wire and traditional sectors such as sugar, coal, and machinery.
33. Furthermore, the availability of natural gas in Mozambique provides a unique opportunity to locally produce chemical fertilizers, boosting agricultural productivity and meeting regional fertilizer demand, with SASOL potentially playing a key role in this sector.
34. There exists a wealth of opportunities to export goods to the African market, with studies indicating Mozambique's potential in sectors such as aluminium wires and various food products, alongside the chance to venture into new markets based on the country's established export foundation.
35. Previous industrial strategies in many of our economies have faced challenges in transitioning from policy to practical implementation, highlighting the need for a practical approach. By leveraging the AfCFTA and incorporating lessons from the SADC, Mozambique's key stakeholders have the opportunity to engage in meaningful collaboration through the national AfCFTA implementation strategy. This will enable the identification and execution of concrete actions in critical areas, ensuring that policies designed are actively implemented to drive real progress and development.

36. Although Mozambique has ratified the AfCFTA agreement, as previously mentioned, **it has not yet presented its tariff offer to the AfCFTA Secretariat**. I encourage the authorities to complete and submit Mozambique's tariff proposal to the AfCFTA Secretariat promptly to participate in the implementation phase of the AfCFTA.
37. The Secretariat is prepared to provide technical assistance to expedite the completion of Mozambique's market access offer, should there be any technical difficulties.
38. Furthermore, I urge the private sector to fully engage with and leverage the AfCFTA, recognizing it as a key driver of growth and prosperity. Your active participation is crucial, not only for Mozambique's success, but also for the realisation of the vision of an integrated and prosperous Africa.
39. I wish you a very productive workshop.

Thank you.