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EXECUTIVE COUNCIL

Twenty-Sixth Ordinary Session

23 – 27 January 2015

Addis Ababa, ETHIOPIA

EX.CL/864(XXVI)viii

Original: English

**REPORT OF THE SUB-COMMITTEE ON
ECONOMIC AND TRADE MATTERS**

REPORT OF THE SUB-COMMITTEE ON ECONOMIC AND TRADE MATTERS

INTRODUCTION

1. The meeting of the AU Permanent Representatives Committee (PRC) Sub-Committee in charge of Economic and Trade Matters was held on Tuesday, 16 December 2014, at the African Union Commission Headquarters. It was chaired by Ambassador Susan Sikaneta, Permanent Representative of the Republic of Zambia, and Chairperson of the Sub-Committee.

ATTENDANCE

2. The following members of the Sub-Committee attended the meeting:

1. Zambia (Chair)
2. Botswana
3. Chad
4. Congo
5. Côte D'Ivoire
6. Egypt
7. Equatorial Guinea
8. Mauritius
9. Senegal.
10. Sierra Leone
11. Tunisia
12. Togo

3. Ethiopia attended in an observer capacity.

4. The Commission was represented by the Director for Trade and Industry, Acting Director for Economic Affairs and staff members of the Trade and Industry and Economic Affairs Departments. The List of participants is attached as Annex I to this Report.

OPENING OF THE MEETING

5. In her opening remarks, the Chairperson of the Sub-Committee informed the Member States that the objective of the Meeting was to discuss the reports of various Ministerial meetings organised by the Departments of Trade and Industry and Economic Affairs focusing on activities aimed at fostering the structural transformation of the African Continent through continental integration, trade, industrialisation and value addition.

Agenda Item 1: Adoption Of The Agenda

6. The Sub-Committee adopted the following agenda:

1. Adoption of the Agenda
2. 9th Ordinary Session of the Conference of Ministers of Trade (CAMOT-9):
Consideration of:

- a) Ministerial Report including Institutional Arrangements for the Continental Free Trade Area (CFTA) negotiations;
 - b) World Trade Organisation (WTO) Declaration;
 - c) African Growth and Opportunity Act (AGOA) Declaration.
3. Consideration of the Report of the 1st Extraordinary Conference of Ministers responsible for Mineral Resources (CAMRMRD)
 4. Consideration of the Report of the Ministerial Working Group on Alternative Sources of Financing the African Union;
 5. Consideration of the Report on the 7th Conference of Ministers in charge of Integration (COMAI VII);
 6. Any Other Business
 7. Closing.

Agenda Item 2: CAMOT-9: Consideration a) of the Ministerial Report including Institutional Arrangements for CFTA negotiations.

7. The Director for Trade and Industry made a brief presentation on the outcomes of the 9th Conference of the African Union Ministers of Trade (CAMOT 9) that was held on 4-5 December 2014 in Addis Ababa, Ethiopia. She highlighted some of the recommendations made by the Ministers of Trade during the Conference.

8. In the discussions that ensued, the following issues were raised by Member States :

- i) On standards, the meeting highlighted the need for the Department of Trade and Industry (DTI) to take up the issue of standards so that African countries are able to produce quality products that can compete internationally.
- ii) On AGOA, the Sub-Committee expressed concern that the initialling and signing of Economic Partnership Agreements (EPAs) may affect the reauthorization of AGOA. This concern emanated from the observation that the USA may take their time to extend AGOA as they wait to see the final form of the EPAs.

9. Regarding AGOA, the Commission informed the meeting that currently there is commitment by the Obama Administration to renew AGOA but there is need to secure a similar commitment from the United States (US) Congress. The Commission further informed the meeting that it was in this regard that the Ministers of Trade recommended sustained engagement with the US Congress so as to make sure that the reauthorization remains high on its Agenda.

10. Member States also expressed concern with the level of preparations for the CAMOT 9 and the 1st Extraordinary Session of the African Union Conference of Ministers Responsible for Mineral Resources Development (CAMRMRD) which were organised by the Department of Trade and Industry. The Sub-Committee requested information from the Director on the reasons for the inadequate planning and preparations observed by Member States. The Director informed the meeting that the major contributing factors were the close proximity of the two major events as well as the severe capacity constraints faced by the Department. The Sub-Committee appreciated the problem and

underlined the importance of strengthening the capacity of the Department in terms of personnel and budget.

a) Consideration of the WTO Declaration

11. The Meeting took note of the Addis Ababa Declaration on WTO issues.

b) Consideration of the AGOA Declaration

12. The Meeting took note of the Addis Ababa Declaration on AGOA.

Agenda Item 3: Consideration of the Report of the 1st Extraordinary Session of the CAMRMRD

13. The Director for Trade and Industry presented the report of the 1st Extraordinary Session of the African Union Conference of Ministers Responsible for Mineral Resources Development (CAMRMRD) that was held on 25-26 November 2014 in Livingstone, Zambia and Victoria Falls, Zimbabwe. She made a summary presentation of the report and recommendations and stressed the need to expedite the process of Institutionalization of the African Minerals Development Centre (AMDC) as directed by the Ministers.

14. The Chair underscored the importance of the Minerals Sector and requested the meeting to consider the recommendations from the 1st Extra-Ordinary Session of CAMRMRD noting that the Minerals Sector is a crucial sector for African Social and Economic structural transformation.

15. During the discussions that ensued the following issues were raised:

- i) Concerns on the organization of the Conference especially on sending invitations and its consequence to ensure the attainment of a quorum. Despite the lack of quorum, the conference proceeded based inter alia on the opinion from the Office of Legal Counsel;
- ii) The work of AMDC should cover all the areas of Mineral Resources Development such as the development of the mining code, capacity building and training in contract negotiations, governance, etc.
- iii) There was a need to re-word recommendation (No. VI) to avoid creating any misunderstanding since most of the governance standards and initiatives are recognized internationally. This will be replaced by the following:

“There is a need for African States to develop their own home-grown criteria for governance standards in the minerals and extractive sector as most of the current external governance initiatives have not been effective and in some cases they can be manipulative to African member States”

- iv) The Road map for expediting the establishment of the AMDC should be developed.

Recommendations

16. The following recommendations were made:

- i) The establishment of the AMDC should be expedited. In this regard the AMDC Statute should be presented to the AU Summit in June 2015;
- ii) The establishment of the Minerals Resource Division in the Department of Trade and Industry (DTI) should be considered expeditiously in view of the absence of such a critical component of the organisational structure.

Agenda Item 4: Consideration of the Report of the Ministerial Working Group on Alternative Sources of Financing the African Union

17. The Acting Director for Economic Affairs presented the report of the Ministerial Working Group (MWG) on Alternative Sources for Financing the African Union that was held on 10 October 2014 in Washington DC., USA, on the margins of the World Bank and IMF Annual meetings. The Acting Director made a summary presentation of the report and highlighted the main recommendation of the meeting which called for Member States to mobilize non-treasury resources to support assessed contributions by adopting a levy on tickets for international flights originating in or out of Africa; a hospitality levy; and an SMS levy. However, Member States may decide to continue paying their assessed contributions from their treasury or any other options they may prefer.

18. After this presentation, the Sub Committee decided not to discuss the Ministerial Working Group report. Rather the Sub Committee will only consider a report of the Conference of Ministers of Finance on this matter.

Agenda Item 5: Consideration of the Report on the 7th COMAI

19. The Acting Director for Economic Affairs presented the report and the declaration of the Seventh Conference of African Ministers in Charge of Integration (COMAI-7) which took place on 17-18 July 2014, in Royal Swazi Convention Center, at Ezulwini, Swaziland. He underscored the importance for member states to implement the recommendations that focused on the theme of the “Infrastructure and Integration in Africa”; continued promotion and implementation of Agenda 2063 and the Common African Position on the Post 2015 Development Agenda.

20. After consideration of the recommendations of each session, the Sub-Committee decided that the report should be presented to the PRC during the 24th Ordinary Session of the African Union (AU) Summit in January 2015.

Agenda Item 6: Any Other Business

21. Under this agenda item, the Director of Trade and Industry informed the meeting that the Department is working with development partners to raise resources for the funding of the Special projects on the CFTA and Trade Facilitation. The partners include the United Nations Economic Commission for Africa, African Development Bank, International Trade Centre (ITC), UN Conference for Trade and Development, Commonwealth, Organisation for the Francophonie, inter alia Department of Trade and Industry signed a Joint Programming Arrangement (JPA) to support the Programmes of

the Department with the European Union, USAID, DfID and Sweden. Additional partners are welcome to join the JPA. Funding for the programme budget emanates from the above partners as well as the World Bank, Turkey and South Korea, the Director expressed the Department's commitment to implement the approved programmes with the support of Member States. The meeting took note of the issues raised.

22. The representative of the Director of the Department of Economic Affairs duly informed the sub-committee that the matters pertaining to the African Union Institute for Statistics and the Pan-African Statistical Training Centre were addressed during the just concluded Committee of Director Generals of National Statistical Offices Meeting that took place on 8 – 12 December 2014 in Tunis. However, the report of this meeting is still under review and finalization and will be duly submitted to the Conference of African Ministers of Economy and Finance in March 2015.

23. The Chair stressed the need to speed up the process of establishing the two institutions.

Agenda Item 7: Closure of the Meeting

24. In her closing remarks the Chairperson thanked all participants for their attendance and active participation and brought the meeting to a close.

Annex I

LIST OF PARTICIPANTS				
PRC SUB COMMITTEE MEETING ON ECONOMIC AND TRADE MATTERS				
16 DECEMBER 2014				
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