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**REPORT OF H.E. MR. IDRIS DEBY ITNO, PRESIDENT OF THE
REPUBLIC OF CHAD AND CHAIRPERSON OF THE HIGH-LEVEL
AFRICAN TRADE COMMITTEE (HATC)**

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INTRODUCTION

1. The 2nd High Level African Trade Committee (HATC) Meeting was held in Addis Ababa, Ethiopia on 29 January 2014. The Meeting was chaired by H.E. Abderahim Bireme HAMID, the Minister of Trade and Industry of the Republic of Chad.

ATTENDANCE

2. The meeting was attended by the following Members of the HATC : Chad, Cote d'Ivoire, Ethiopia, Kenya, Libya, Malawi and Uganda.

3. The following Regional Economic Communities (RECs) and partner organisations also participated in the meeting: COMESA, EAC, ECCAS, SADC, CENSAD, UNECA and the Joint AUC-AfDB-UNECA Secretariat.

PROCEEDINGS

Agenda Item 1: Opening of the Meeting

4. The Meeting received a statement from the President of the Republic of Chad H.E Idriss Deby Itno, read on his behalf by the Minister of Trade and Industry. In his statement the President highlighted the importance of strengthening follow-up mechanisms to ensure effective implementation of various initiatives of the Union. He emphasised the important role of the RECs and called for better coordination and harmonisation of regional policies in order to increase intra-African trade.

Agenda Item 2: Adoption of the Agenda

5. The Meeting adopted the following agenda for the meeting;

Item 1: Opening of the Meeting;

Item 2: Adoption of the Agenda;

Item 3: Review of Progress in the Implementation of the Action Plan for Boosting Intra-Africa Trade and establishment of the Continental Free Trade Area (BIAT/CFTA) and implications of bilateral and multilateral trade agreements for Africa's Integration agenda;

Item 4: Consideration of the Draft Decision on Trade Issues;

Item 5: Any Other Business;

Item 6: Date and Venue of next HATC meeting;

Item 7: Closing.

Agenda Item 3: Review of Progress in the Implementation of the Action Plan for Boosting Intra-Africa Trade and establishment of the Continental Free Trade Area (BIAT/CFTA) and implications of bilateral and multilateral trade agreements for Africa's Integration agenda.

6. During this session, the AU Commissioner for Trade and Industry, H.E Fatima Haram Acyl, made a presentation on the progress that has been made on the implementation of the Action Plan for Boosting Intra African Trade and the establishment of the CFTA. The presentation also highlighted the implications of bilateral and multilateral trade agreements such as AGOA, WTO and EPA for Africa integration Agenda. A copy of the presentation is annexed to this report.

7. The Meeting made the following recommendations:

On the CFTA

- i) Member States should reaffirm their commitment to launch the CFTA negotiations by 2015;
- ii) Ministers of Trade should prioritise CFTA negotiations and the Implementation of the Action Plan on Boosting Intra African Trade and allocate resources as required.

On Economic Partnership Agreements

- i) African countries should push for the inclusion of EPAs on the Agenda of the Joint EU-AU Summit in April 2014 to provide for a High-Level dialogue on EPAs in order to address the current impasse on EPAs;
- ii) African Member States and the African Union Commission should lobby key EU Member States for the European Commission to be more flexible in EPA negotiations to ensure development-friendly agreements;
- iii) The PRC should meet by mid-March 2014 to discuss EPAs and submit a report before the Joint EU-Africa Summit.

On WTO Negotiations

- i) The African Union Commission in collaboration with RECs should carry out an assessment of the financial resources required for the implementation of the WTO Agreement on Trade Facilitation.

On AGOA

- i) The AUC in collaboration with the UNECA and ADB should undertake an assessment of the impact of AGOA on industrialisation and regional integration and submit a Report by end of May 2014.

Agenda Item 4: Consideration of the Draft Decision on Trade Issues

8. The meeting considered the Draft Decision on Trade Issues and adopted it with amendments. The Draft Decision is annexed to this Report.

Agenda Item 5: Any Other Business

9. No issues were raised under Any Other Business.

Agenda Item 6: Date and Venue of next HATC meeting

10. The Next meeting of the HATC will be held in Malabo, Equatorial Guinea in the margins of the July 2014 Summit.

Agenda Item 7: Closing

11. The Commissioner, for Trade and Industry, H.E Fatima Haram Acyl thanked all participants for their valuable contributions during the Meeting, thereafter; the Chairperson brought the meeting to a close.

BACKGROUND PAPER FOR THE MEETING OF THE HIGH LEVEL AFRICAN TRADE COMMITTEE (HATC), ADDIS ABABA, ETHIOPIA, 29/1/2014

1. This Paper Reviews the progress in the Implementation of the Action Plan for Boosting Intra-Africa Trade and Establishment of the Continental Free Trade Area (BIAT/CFTA). It further examines developments in the Bilateral and Multilateral Trade Agreements involving Africa (WTO, EPAS and AGOA) and their impact on the African Trade agenda

The BIAT/CFTA

2. The Assembly of Heads of State and Government of the African Union adopted, during its 18th Ordinary Session in January 2012, the decision to establish a Continental Free Trade Area (CFTA) by the indicative date of 2017. It also endorsed an Action Plan for Boosting Intra-Africa Trade (BIAT). In order to attain the objective of establishing the CFTA by the target date of 2017, the AU Summit had endorsed the following road map:

- COMESA-EAC-SADC Tripartite FTA to be completed by 2014;
- The four other AU-recognized RECS (ECOWAS, CEN-SAD, ECCAS and UMA), to negotiate a parallel FTA – should they wish to do so, by 2014. They could also choose to join the CFTA directly (is it CFTA or TFTA, directly or individually?);
- Consolidation of the regional FTA processes into the CFTA in 2015 and 2016 -with the launch of the CFTA negotiations in 2015;
- Establishment of the CFTA by 2017.

3. The AU Summit decision also endorsed the establishment of a CFTA Architecture that includes the High-Level African Trade Committee (HATC), made up of Heads of State and Government (Chairs of the RECs), to play a facilitating role and unlock any blockages that might arise in the process of implementing the CFTA agenda; the CFTA Negotiating Forum including the CFTA task force, the African Business Council, Trade Observatory etc.

Progress on the BIAT/CFTA

4. There has been substantive progress towards the establishment of the CFTA. The COMESA-EAC-SADC Tripartite FTA Negotiations are at an advanced stage and are still on track for completion in 2014. The AUC is putting in place key elements of the CFTA Architecture including the Trade Observatory, African Business Council. Further technical studies and reports will be prepared in 2014 towards the launch of the CFTA negotiations by 2015. Consultative meetings on the CFTA will be held in each REC in 2014 to sensitise and mobilise towards the launch of the CFTA negotiations by 2015. In

terms of the BIAT, there are ongoing consultations on the development of a BIAT work plan as well as the implementation of a Services sector development project

Challenges with BIAT/CFTA

There are on-going challenges with the implementation of the BIAT/CFTA such as the existence of tariff and non tariff barriers as well as the mobilisation of resources for the implementation of the BIAT and the CFTA negotiation.

In this regard, Ministers of Trade can be directed to hold an Extra ordinary session to consider and adopt a work plan, negotiating modalities and principles towards the effective launch of the CFTA negotiations in 2015 to be presented to the next HATC meeting in June.

Economic Partnership Agreements (EPAs)

5. A number of contentious issues have emerged over the years in EPA negotiations and they relate to the policy space and flexibility that African countries see as essential to enacting the right kind of development policies that will lead to their, industrialisation, economic growth and development. More urgently, there is a need for action to avoid potential trade disruption due to the proposal to withdraw the current market access preferences for none LDC countries that have not signed and ratified the EPAs by October 2014. This appears to be an arbitrary deadline with the only purpose of forcing African countries to make concessions on the contentious issues by threatening to withdraw existing market access.

6. In addition, the current EPA negotiations and model are potentially disruptive of Africa's regional integration efforts because of the EU's different treatment of LDCs and Developing Countries within the Regional Economic Communities. As the EU approach is to finalize EPAs with different regions and countries separately, this will certainly lead to different agreements, which are not necessarily harmonized and could compromise the establishment of a Continental Customs Union as stipulated by the Abuja Treaty.

7. A delegation to the European Commission, led by the Deputy Chairperson of the AUC, including among others, the AUC Commissioner for Trade and Industry, representatives of concerned RECs and some African Ambassadors in Brussels met with the EU on 3rd July 2013 to find solutions to the challenges in the EPA negotiations. This mission however, did not adequately provide a solution to the impasse. A number of European Countries including Denmark, France, Ireland, the Netherlands and the United Kingdom have requested that the European Commission show more flexibility on the negotiations of the contentious issues as well as on the October 2014 deadline that the EC has imposed for the conclusion of the EPAs.

In this regard, it is important for the HATC to steer for the inclusion of EPAs on the Agenda of the Joint Africa-EU Summit in April 2014 to provide for High-Level Dialogue to break the current impasse on EPAs – specifically to get more

flexibility on the side of the European Commission on the outstanding issues, as well as safeguard the integrity of the African regional integration agenda.

WTO Negotiations

8. The 9th WTO Ministerial Conference (MC9) was held in Bali, Indonesia in December 2013, with some agreement on key issues including **Trade Facilitation, Agriculture, Cotton, Development and LDC issues**. Trade facilitation is commonly regarded as the centerpiece of the Bali agreement, and according to empirical analysis it is expected to provide a significant boost to global trade. African countries can gain considerably from trade facilitation measures, especially those aiming at reducing export and import time, and cutting costs associated with document preparation and custom procedures. The importance of trade facilitation to the African trade agenda is reflected in it being part of the Priority Areas for the Boosting Intra African Trade Plan.

9. However, implementation of the agreed text on trade facilitation implies certain costs for developing countries. In order to benefit from the full potential of the trade facilitation measures, the Organisation for Economic Cooperation and Development (OECD) estimated funding needs for each country as between €3.5 to €19.7 million over 3-5 years (i.e. €11.6 million on average). In spite of these costs however, the Trade Facilitation Agreement does not include any binding commitments in terms of dedicated assistance to be provided by developed countries to developing countries.

10. WTO Trade Facilitation Agreement reached in Bali will only be beneficial to developing countries if developed countries fulfill their promises to provide resources to enable developing countries to meet their WTO commitments. In addition for Africa, it is important to align these measures to the African trade integration process by ensuring that it also addresses the continent's trade facilitation priorities.

11. Food Security – only an interim solution was reached. A permanent solution had originally been sought to allow developing countries to be able to have public stockholding programmes whereby governments will be able to procure from producers. The interim solution only offers a partial Peace Clause (i.e. partial immunity to being challenged in the WTO's dispute settlement body) to existing public stockholding programmes. This could affect African countries that want to introduce or expand existing stockholdings. At the same time, only non-binding results were achieved in other areas of interest to African and developing countries. These include disciplines on export competition and outcomes on LDCs, where the EU refused to take any real commitments.

12. In light of this situation, **Member States may be directed to:**

- **Make full use of the available flexibilities, prioritizing interventions with the highest payoff and benefit African firms.**

- **Be assisted in undertaking needs assessment of measures and costs needed to implement the trade facilitation measures**
- **Speak with a single voice in order to be heard in the global arena, as frictions and divisions undermine the regional interests;**

Ministers of Trade can also be directed to:

- **Take the lead in setting a Post-Bali work program and agenda to ensure that Africa's interests are reflected.**

The AUC can be further directed to:

- **Develop a coordinated and strategic approach for engaging with partners for the mobilization of resources for the implementation of the agreement;**
- **Assist African countries in meeting the Trade Facilitation agreement commitments in a manner that is aligned to African trade priorities and interests.**

AGOA

13. During the 12th AGOA Forum held on August 12-13 2013, there was a call for a seamless reauthorization of AGOA by October 2014 for a period of 15 years to ensure that trade with the US takes place on a predictable, reliable and legally secure basis in a manner that inspire investor confidence. There are signals that the US may use the negotiations of EPAs with the EU as a justification for pushing for the negotiations of reciprocal trade agreements with African countries. This can set a dangerous precedent relating to the enjoyment of trade preferences by African countries, if these preferences are tied to reciprocal market liberalisation by African countries.

14. The US Trade Representative Office is currently carrying out a comprehensive study on the impact of AGOA over the past years both on Africa and on US trade. It is in this context that the United States Trade Representative has sent a letter to H.E. Prime Minister Hailemariam Dessalegn of the Federal Democratic Republic of Ethiopia in his capacity as current Chairperson of the African Union asking for an African input into the review process. The AUC has been instructed together with UNECA to take a leading role in putting together an African input by preparing a white paper that outlines an African position on the envisaged enhanced AGOA.

15. Ministers of Trade should be directed to further look into issue and to present recommendations and options at the next HATC meeting

Conclusion

- **The intra African trade agenda is the only way to give African countries, control over their economic destinies. There is therefore a need for prioritisation of the BIAT and CFTA agenda by African countries.**
- **African countries should also adopt a coherent and coordinated approach at the WTO, specifically towards engagement and resources mobilisation for the implementation of the Trade Facilitation Agreement, as well as positioning on a Post Bali Work Program.**
- **It is important for African countries and RECs to be wary of the impact of the negotiations of bilateral and multilateral trade agreements on the African integration agenda, as potential trade deals pursued individually by countries and RECs, if not harmonised properly, will fatally compromise the African trade integration process and undermine the vision and scope of the Abuja Treaty.**
- **African countries should also ensure that the negotiations of multilateral and bilateral agreements are not allowed to constrained the policy space and flexibilities that they need for industrialisation, value addition and employment creation.**

2014-01-30

Report of H.E. Mr Idris Deby iTno, president of the republic of chad and chairperson of the high-level African trade committee (HATC)

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