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**EXECUTIVE COUNCIL**

**Twenty-First Ordinary Session**

**9 – 13 July 2012**

**Addis Ababa, ETHIOPIA**

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**Original: English**

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

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

### **Introduction**

1. The meeting of the PRC Sub-Committee on Economic and Trade Matters was held in Addis Ababa, Ethiopia, on 21 May 2012. It was chaired by H.E. Mr. Mokhtar CHAOUACHI, Ambassador of the Republic of Tunisia and Permanent Representative to the African Union Commission. Present at the meeting were the following members: Algeria, Angola, Burundi, Chad, Congo, Guinea, Niger, Rwanda, Senegal, Sierra Leone, The Sudan, Swaziland, Tunisia, Uganda and Zambia.

### **Agenda item 1: Opening**

2. The Chairman welcomed the members to the meeting, the first to be held in the year, and underscored the importance of the decisions taken at the January 2012 AU Summit on Boosting Intra-African Trade and establishing a Continental Free Trade Area (CFTA). He stated that consideration and adoption of the Work plan by the Sub-Committee members would ensure ownership of the implementation process.

### **Item 2: Presentation and Briefing on the AUC Work Plan 2012-2013 on Boosting Intra-African Trade and its implementation**

3. Presenting this item, the Director of Trade and Industry stressed the importance of acquainting the Sub-Committee with the Work plan 2012-2013 and recalled that the document had already been examined at the Senior Officials meeting held in Addis Ababa in which the PRC Sub-Committee on Economic and Trade matters participated. She reminded the Sub-committee that the January 2012 Decision of the Heads of State and Government on Boosting Intra-African Trade and its related activities was taken after the 2012 budget had been adopted. The objective of presenting the Work plan was to enlist the support of the Sub-Committee to approve a supplementary budget for the additional activities to be carried out in 2012 as a consequence of the implementation of the Summit Decision. She expressed the commitment of the Department to deliver on the proposed Work plan.

4. The Work plan had been developed according to the log frame approach and builds on the collaborative working relations with the RECs. It aims at ensuring that policy proposals, mechanisms and recommendations for Trade Facilitation are formulated with the ultimate objective of removing the barriers to trade through customs and trade harmonization, Rules of Origin in particular. It also aims at enhancing productive capacities through the organization of workshops for the various stakeholders especially the private sector, and at securing policy recommendations to encourage FDI (Foreign Direct Investment). The framework of the CFTA is also another key pillar which requires coordination with the RECs. Alongside these activities envisaged for 2013; the Department will additionally have to pursue its work with respect to the various trading partnerships.

5. In the ensuing debate, the meeting commended the Department for its solid working relations with the RECs and stressed the need to mainstream elements of this programme into what was already being implemented at the level of these Communities. Clarification was sought regarding the legislative mandate of the Senior Officials meeting held from 3 to 4 April 2012. In response, the representative of the Department reminded the meeting of the Ruling made by the Chairperson of the African Union to the effect that a Committee of 7 Member States should be put in place to further examine some concerns raised at the January Summit during the debate on the theme: Boosting Intra-African Trade and to report thereon to the July 2012 Summit. Basing on current procedures, the Commission thought it appropriate to organize the said Senior Officials meeting comprising the countries, members of the Committee of 7, to examine the response to the concerns in question. The report of the Senior Officials would be presented to a meeting of the Trade Ministers of the 7 countries prior to its consideration by the Committee of seven Heads of State and Government and ultimately to the Assembly. It was also emphasized that the meeting of the seven Ministers did not replace the Trade Ministers Conference slated for November 2012. It derives its legislative mandate from the ruling and decision of the January Summit; and besides, it is consistent with the Abuja Treaty Establishing the African Economic Community.

6. The Sub-Committee noted the briefing on the Work Plan 2012-2013 on Boosting Intra-African Trade and recommended to the PRC to also take note of the briefing and Work Plan.

**Item 3: Proposal on modalities for convening the Ordinary Sessions of the Assembly of the Union on Development and Integration**

7. The PRC Sub-Committee Meeting on Trade and Economic Matters was held in Addis Ababa, Ethiopia, on 21 May 2012. The meeting discussed, among other things, the draft proposal on modalities for convening the Ordinary Sessions of the Assembly of the Union on Development and Integration. The meeting welcomed the initiative taken by the Commission to develop the draft proposal, thanked the Economic Affairs Department for the quality of the document and highlighted the following issues:

- The justification of the proposed period of commencement (June/July 2013) was questioned since the January Summit would no longer be dedicated to budgetary and administrative matters, but seems to be the ideal period for such event;
- The proposal made to use the COMAI V theme (Integration and Sovereignty) as the Summit theme was also questioned since COMAI VI would have a different theme from COMAI V. In this regard, it was agreed that the outcomes of COMAI meetings should be incorporated into the Summit discussions on Development and Integration;

- The meeting suggested the widening of the proposed sub-theme 2 to cover free movement of people, goods, services and capital, and the refining of the other proposed themes to make them more specific;
- Regarding the venue of the Summit on Development and Integration, the meeting, while insisting on keeping the same tradition of organizing AU Summits (status quo), proposed to make the necessary consultations with Member States' capitals on this sensitive issue.

**8.** The meeting agreed as follows:

- Member States to consult their capitals on the proposed paper and, in particular, on the venue and theme issues; and inform the Commission accordingly not later than 15 August 2012;
- Member States to submit their proposals on the draft paper to the Commission;
- AUC to review the document based on the inputs from the Member States; and
- Convene a meeting of the PRC Sub-Committee on Trade and Economic Matters to look at the reviewed document.

**Item 4: Consideration of a Request for support by the Sub-Committee, for inclusion in the July 2012 Summit Agenda, of an Item on the Report of the Commission on the second AU Conference of Ministers responsible for Mineral Resources held from 12 to 16 December, 2011.**

**9.** A presentation on the second AU Conference of Ministers responsible for Mineral Resources was made by the Commission. The objective of this item was to solicit PRC support for the Commission's request for inclusion of this item in the agenda of the July 2012 Summit. The Department made a commitment to submit the updated documents of the Ministerial Conference to the PRC; and thereafter the Sub-Committee agreed to recommend its inclusion as per the request.

**Item 5: Any Other Business**

**10.** Under this Item, confirmation was brought by both Algeria and the Commission to the effect that due to logistics and timeline challenges, the Report of the AU-UNIDO joint Meeting on Economic Diversification held from 4 to 5 June 2012 would be presented at the January 2013 Summit.

**Item 6: Closure**

**11.** The Chairman thanked all members present for their contributions and inputs and declared the meeting closed.

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Annex I

# **Draft Work Plan 2012 - 2013**

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CONSULTATIVE MEETING OF THE SENIOR OFFICIALS OF THE COMMITTEE OF THE ASSEMBLY  
OF HEADS OF STATE AND GOVERNMENT ON BOOSTING INTRA AFRICAN TRADE

Addis Ababa

Ethiopia,  
03 -04 April 2012

Doc. : TD/BIAT/cm.1/WP1

Original: English

# Draft Work Plan 2012 - 2013

# DEPARTMENT OF TRADE AND INDUSTRY

## WORK PLAN 2012 - 2013

1.	<i>Department:</i>				
	<b>TRADE AND INDUSTRY</b>				
2.	<i>Pillar No.</i>			3.	<i>Programme</i>
	<b>DEVELOPMENT, INTEGRATION AND COOPERATION</b>				<b>INTEGRATION</b>
4.	<i>Programme Goals</i>				
	<b>AN INTEGRATED, UNIFIED AND SELF-RELIANT AFRICA, REPRESENTING A DYNAMIC FORCE IN THE GLOBAL ARENA</b>				
5.	<i>Project Title</i>				
	<b>BOOSTING INTRA-AFRICAN TRADE AND ESTABLISHMENT OF A CONTINENTAL FREETRADE AREA (CFTA)</b>				
6.	<i>Status of Project</i>	<i>On Going</i>		<i>New</i>	<i>Expected End Time</i>
7.	<i>Project Purpose Description</i>				
	<p>1. Trade is widely accepted as an important engine of economic growth and development. There are many regions and countries of the world that have been able to lift their peoples from poverty to prosperity through trade. In Africa however, trade has not served as a potent instrument for the achievement of rapid and sustainable economic growth and development due mainly to three interrelated basic features: size, structure, and direction. At around 3 per cent, the share of Africa in global trade is insignificant.</p> <p>2. Another key feature of Africa's trade, which has had some adverse implications for its impact on economic growth and development, is its high external orientation and relatively low level of intra-regional trade. Intra-African trade stands at around 10 per cent compared to 60 per cent, 40 per cent, 30 per cent intra-regional trade that has been achieved by Europe, North America and ASEAN respectively. Even if allowance is made for Africa's unrecorded informal cross-border trade, the total level of intra-African trade is not likely to be more than 20 per cent, which is still lower than that of other major regions of the world.</p> <p>3. That African countries do not trade much with each other has meant that they have been unable to fully harness the synergies and complementarities of their economies and take full advantage of the economies of scale and other benefits (such as income and employment generation) that greater market integration would have provided. There are cases where products and services could have been sourced competitively from other African countries but were procured from outside the continent.</p> <p>4. Due to the fact that Africa does the bulk of its trade with the outside world and the exports are heavily concentrated on primary commodities, the continent has been particularly vulnerable to external macroeconomic shocks and protectionist trade policies. This is evident from the recent global economic and financial crisis which, although not of the making of African countries, has had adverse impact on the continent's economic performance. Thus a major lesson to be drawn from the systemic shocks in the global economy is the need for Africa to promote intra-regional trade.</p> <p>5. Boosting intra-African trade and deepening regional market integration constitute a necessary response to the challenges facing Africa in the multilateral trading system and the global economy. The boosting of intra-African trade and the deepening of Africa's market integration, by fostering competition among African countries, will assist in enhancing their capacity and prepare them to compete more effectively on the global market.</p> <p>6. It is against the foregoing background that the Heads of State and Government, meeting in the 18<sup>th</sup> Ordinary Session of their Assembly, adopted a Plan of Action for boosting intra-African trade and a Framework, Road Map and Architecture for the establishment of a Continental Free Trade Area which the Department of Trade and Industry, in collaboration with other related Departments and collaborating agencies must implement in the years to come.</p>				
8.	<i>Legislative Mandate</i>				
	<p>Pursuant to the adoption of Decision Assembly/AU/Dec.394(XVIII) and Declaration Assembly/AU/Decl. 1 (XVIII) at the 18<sup>th</sup> Ordinary Session of their Assembly, Heads of State and Government:</p> <p>Endorsed the Framework, Road Map and Architecture for Fast Tracking the establishment of the Continental Free Trade Area (CFTA) and the Action Plan for Boosting intra-African Trade;</p> <p>Requested the AUC, in collaboration with RECs, Member States, and development partners to develop an implementation strategy for the Action Plan;</p> <p>Decided that the CFTA should be operationalised by the indicative date of 2017 based on the Framework, Roadmap and Architecture;</p> <p>Requested Member States, supported by the AUC and the RECs to drive the process ...through the implementation of short, medium and long-term programmes and activities contained in the Action Plan at national, regional and continental levels;</p> <p>Requested the AUC, in collaboration with UNECA, AfDB and other relevant agencies, to take appropriate measures including studies, technical support to RECs and sensitisation of Member States and partners, for the effective implementation of the CFTA;</p> <p>Also requested the AUC, in collaboration with the RECs and UNECA to establish a core group of experts from Member States with a view to developing a framework by December 2012 for conclusion of a draft agreement on Rules of Origin;</p> <p>Requested the AUC to assess the impact on African countries, of the proposal to extend duty free, quota free access to LDCs and LICs before transmitting to G20;</p> <p>Requested the Ministers responsible for the CFTA to report as appropriate to the Assembly, through the Executive Council on progress.</p>				

# **Draft Work Plan 2012**

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Sub-Activities	Budget	Resource	Concl. Date			
1. African economic development and integration enhanced	10.% Increase in volume of Intra-African Trade	AUC/ECA/AfDB annual reports + WTO, WB, IMF, UNCTAD Reports	MS and RECs will implement the AU decisions and initiatives	1.1	Enhanced Trade Policy formulated and developed	Consultancy Report submitted	The recommendations will be accepted by the AUC and validated by the workshop to be organized the following year	1.1.1	Mainstream IAT in National Development Strategies	1.1.1.1	Study on mainstreaming IAT at national level	30,000			
				1.2	Policy Proposals, mechanism and recommendations for enhancement of Trade Facilitation formulated.	At least 2 TF mechanisms finalised/completed and recommended to MS for implementation	Progress Reports of AU Technical Working Groups on Customs laws and procedures and Reports of the AU Subcommittee of Directors General of Customs	Policy Organs of the AU adopt the Proposals, recommendations and mechanisms on Trade facilitation	1.2.1	Harmonize and simplify customs procedures, documentation and regulations, and Develop Common approaches to Trade Facilitation	1.2.1.1	Finalise the development of a policy on Interconnectivity of Computerized Customs Clearance System	49,856. (B)	AUC/RECs/MS	July
				1.2.1.2	Develop an African Common Tariff Nomenclature	49,856. (B)	AUC/RECs/MS	Aug							
				1.2.1.3	Develop an African Customs Code of Ethics	69,000 (B)	AUC/RECs/MS	April							
				1.2.1.5	Monitor global trends and developments in Trade Facilitation and Customs	40,000	AUC	Ongoing							
				1.2.1.6	Organise and hold a Trade Facilitation Forum	109,595 (B)	AUC/EC								
				1.2.2	Develop a framework for conclusion of a Draft Agreement on RoO	30,000	AUC								
				1.2.2.2	Elaborate a programme of consultations on the Draft Protocol on RoO	0	AUC								

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS						
Expected Outcome	Indicators	Means of verification	Assumptions/Risks		Expected Output	Indicators	Means of verification	Assumptions/Risks		Activity	Sub-Activities	Budget	Resource	Concl. Date		
											1.2.2.3	1 <sup>st</sup> Meeting of the Core Group of Experts (CGE) on Rules of Origin	110,000	AUC		
										1.2.3	Coordinate the Trade Liberalisation programmes of the FTAs including Common Market for Staple foods	1.2.3.1	Elaborate a pre-feasibility study on a PTA on Staple foods	0	AUC	
										1.2.4	Follow up Internal Market issues with RECs and Member States	1.2.4.1	Organise and hold workshops on Internal Market Issues with RECs and Member States	32,630 (B)	AUC/RECs/EC	?
												1.2.4.2	Organize workshop on the development of regional frameworks for Trade in Services	59,910 (B)	AUC/RECs/EC	
										1.2.5	Follow -up the work under way at the level of the Tripartite	1.2.5.1	Monitor the implementation of RECs decisions and participate in the Tripartite process	40,000	DTI/ECs/RECs	
										1.2.6	Coordinate the implementation of the Work Programme and activities on the Arusha Declaration and Plan of Action on Commodities			26,294 (B)	DTI	
										1.2.7	Establish an institutional framework for Quality Infrastructure	1.2.7.1	Update and conclude the study on standards	0	UNIDO/ECA	

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Sub-Activities	Budget	Resource	Concl. Date			
									1.2.7.2	Organise a validation meeting	70,000	AUC/U NIDO/ ECA			
									1.2.8	Upgrade supply-side capacities and enhance competitiveness of African products	49,844 (B)	AUC/U NIDO/ ECA	June		
									1.2.9	Build capacity and provide technical assistance on Industrial Policy Management	49,844 (B)	AUC/U NIDO/ ECA	Sept		
									1.2.10	Development of regional value chains to promote agribusiness and agro-industries	75,000(B)	AUC/U NIDO/ ECA	Oct		
									1.2.11	Establish frameworks for strengthening of regional and continental complementarities for the development of enterprises	75,000(B)	AUC/U NIDO/ ECA	Nov		
2.	<b>The framework for the CFTA is established</b>	Main Prerequisites, Modalities and Institutional mechanisms put in place for the beginning of CFTA negotiations by 2015	Reports and Decisions by the Policy decision makers	Progress made in the Tripartite negotiations  Indications by a number of MS (coalition of the willing) that they will join the CFTA	2.1	Support the Trade and Regional Integration Program and Consolidation of acquis at the level of the RECs	RECs integrate the Continental Summit decisions into their policies	Consolidated Reports of progress by the RECs	RECs work and cooperate with the AUC	2.1.1	Conduct coordination meetings on trade liberalization programmes of the FTAs and hold consultative sessions with RECs	56,660 (B)	AUC		
										2.1.2	Regularly stocktake the status and assessment of each RECs		DTI/ AD/ ECA		

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS				
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Sub-Activities	Budget	Resource	Concl. Date		
								progress in integration and status of FTAs						
								2.1.3 Develop a Web Portal for the CFTA and APfBIAT		0				
								2.1.4 Develop a support pack to help consolidate existing FTAs		0				
				2.2 Consultative and Advisory Mechanisms established and functional	TORs and membership of the various mechanisms agreed	Report of the meeting produced	MS, RECs and invitees participate and have fruitful consultations	2.2.1 Senior Officials Meeting		100,000	DTI	3 – 4 April		
								2.2.2 Consult the RECs on M&E and other implementation issues	2.2.2.1 Organise a 1 <sup>st</sup> regional Workshop for the E & S region/IGAD	100,000	AUC/RECs/ECA/AfDB			
									2.2.2.2 Organise a 2 <sup>nd</sup> Workshop for the C, W & Northern region	100,000	AUC/RECs/ECA/AfDB			
								2.2.3 Establish the African Trade Forum	Elaborate the TOR	0	DTI	May		
								2.2.4 Establish the African Business Council	Elaborate the TOR	0	DTI	May		
								2.2.5 Establish the Trade Observatory	Elaborate the TOR	0	DTI	May		
								2.2.6 Co-organise the Private Sector Forum		78,000 (B)	EAD/D TI	Jun/Jul		
								2.2.7 Organise and hold a Round Table of Partners to mobilize resources		15,000	AUC	April		
3.	All issues for the AU	No. of recommendations	No of decisions	That the bodies will consider	3.1 Recommendations for addressing	Draft decisions by Policy organs	Agreement of RECs and MS	3.1.1 Organise and hold the		108,000 (B)	AU/MS /RECs/	Oct.		

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks		Expected Output	Indicators	Means of verification	Assumptions/Risks		Activity		Sub-Activities	Budget	Resource	Concl. Date
Policy organs addressed	and decisions formulated	adopted by the Assembly	favourably the recommendations and adopt them for the decision of the Assembly		all concerns raised achieved		on concerns	on proposed recommendations.		Meeting of Directors General Customs/AUC-RECs Sub-Committee on Customs to validate the work done in harmonization of various Customs areas				ECA/AfDB	
									3.1.2	Organise and hold the AU-RECs-ECA-AfDB Coordination Meeting			(B)	EAD	
									3.1.3	Meetings of the PRC S/Ctte on Economic and Trade Matters	3.1.3.1	Organise and hold the 1 <sup>st</sup> Meeting	1,500	DTI	March
											3.1.3.2	Organise and hold the 2 <sup>nd</sup> Meeting	1,500	DTI	June
											3.1.3.3	Organise and hold the 3 <sup>rd</sup> Meeting	1,500	DTI	Oct.
									3.1.4	Conference of African Ministers of Trade (CAMOT VIII)			51,968	DTI	Nov.
									3.1.5	Co-organise the Conference of African Ministers of Integration (COMAI)			130,00 (B)	EAD/D TI	Sept.
									3.1.6	Organise the Meeting of the HATC (Committee of 7) to consider issues arising from the January Summit				DTI	TBD

# **Draft Work Plan 2013**



SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS				
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Action	Budget	Resource			
								Draft Agreement on RoO	the Protocol on Rules of Origin for the CFTA					
				1.2	Policy recommendations for the enhancement of Productive Capacities in Africa	Reports of policy recommendations	Final reports to be submitted before the start of PRC Sessions	Approval of recommendations by the AU Policy Organs	1.2.1	Organize seminar on upgrading supply-side capacities and enhancement of competitiveness of African products to boost intra-Africa trade	Organise 2nd Seminar	99,400		
								1.2.2	Conduct a workshop to promote the development of industrial SMEs to boost intra-Africa Trade	Organise and hold Workshop	94,330			
								1.2.3	Organize capacity building session and provide technical assistance on industrial policy management to boost intra-Africa trade	Organise and hold 2 <sup>nd</sup> Workshop	100,030			
								1.2.4	Hold consultative session on Africa's Geological mapping and mineral inventory programme	Organise and hold Induction workshop	99,400			
								1.2.5	Organize a consultative session to establish specialized mineral producers associations in Africa	Organise and hold First workshop	126,205			
								1.2.6	Conduct a workshop to formulate a framework for mineral beneficiation, trade, investment policies that facilitate intra-Africa	Organise and hold workshop	150,000			

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Action	Budget	Resource				
				1.3	Policy recommendations to encouraging local and foreign investments on industrial sectors	Reports of policy recommendations	Final reports to be submitted before the start of PRC Sessions	Approval of recommendations by the AU Policy Organs	1.3.1	Organize industrial investment forums to encourage investments on industries that boost intra-Africa trade		Organise and hold workshop	130,000		
									1.3.2	Organize a workshop to develop industrial value chains that boosts cross-border trade		Organise and hold workshop	125,000		
									1.3.3	Conduct consultative session on mineral value chain, minerals marketing, taxation, accounting, auditing and contract negotiations		Organise and hold workshop	150,000		
				1.4	Harmonised Trade Policies and Laws	Common regional sectoral policies developed	Progress Reports and copies of policy documents	Member States and RECs work with the AUC	1.4.1	Establish an institutional framework for Quality Infrastructure		Organise and hold workshop on the elimination of NTBs , Harmonisation of standards ,SPS issues			
									1.4.2	Co-ordinate implementation of the work programme of the commodities task force					
									1.4.3		1.434.1	Conduct sectoral studies on trade in services, focusing in the levels of services trade in Africa			
									1.4.4		1.4.4.1	Organise a workshop on the development of regional frameworks for trade in services			

SUMMARY OF OUTCOME					SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Action	Budget	Resource				
										1.4.5	Mainstreaming of intra-African trade in national trade and development strategies	1.4.5.1	Organise a Workshop to validate the study made on IAT at national level the previous year		
										1.4.6	Establish an institutional framework for Quality Infrastructure	1.4.6.1	Organise Stakeholders workshop		
					1.5	Enhancement of the role of the organized private sector, informal private sector and women in trade policy formulation	Concrete logistic assistance provided to the PS for their operationalization	No. of private sector organisations operationalised	The PS will coordinate their actions at regional and continental level and step up their cooperation with AU and the RECs	156.1	Establish the African Business Council and the	1.6.1.1	Organise and hold inaugural Meeting		
										1.5.2	Operationalise the Trade Observatory	1.6.1.2	Organise and hold inaugural Meeting		
										1.3.10	Creation of inter-connected centers of trade information exchange				
										1.3.13	Consult RECs, ADB and ECA on Boosting Intra African Trade		Consultative Meetings		
2.	<b>The framework for the CFTA is established</b>	Main Prerequisites, Modalities and Institutional mechanisms put in place for the beginning of CFTA negotiations by 2015	Reports and Decisions by the Policy decision makers	Progress made in the Tripartite negotiations  Indications by a number of MS (coalition of the willing) that they will join the CFTA	2.1	Support the Trade and Regional Integration Program and Consolidation of acquis at the level of the RECs	RECs integrate the Continental Summit decisions into their policies	Consolidated Reports of progress by the RECs	RECs work and cooperate with the AUC	2.1.1	Conduct coordination meetings on trade liberalization programmes of the FTAs				
										2.1.2	Support the Trade and Regional Integration Program				
3.	<b>All issues for the AU Policy</b>	No. of recommendations and decisions	No of decisions adopted by	That the bodies will consider favourably the	3.1	Recommendations for addressing all concerns	Draft decisions by Policy organs	Number of DTI Reports produced on concerns	Agreement of RECs and MS on proposed	3.1.1	Directors General Customs/AUC-RECs Sub-		Organise and hold the meeting		

SUMMARY OF OUTCOME				SUMMARY OF OUTPUT					SUMMARY OF INPUTS					
Expected Outcome	Indicators	Means of verification	Assumptions/Risks	Expected Output	Indicators	Means of verification	Assumptions/Risks	Activity	Action	Budget	Resource			
organs addressed	formulated	the Assembly	recommendations and adopt them for the decision of the Assembly	raised achieved			recommendations.		Committee on Customs Cooperation					
								3.1.2	AU-RECs-ECA-AfDB Coordination Meeting		Organise and hold the meeting			
								3.1.3	Meetings of the PRC S/Ctte on Economic and Trade Matters	3.1.3.1	Organise and hold the 1 <sup>st</sup> Meeting	1,500	DTI	
										3.1.3.2	Organise and hold the 2 <sup>nd</sup> Meeting	1,500	DTI	
										3.1.3.3	Organise and hold the 3 <sup>rd</sup> Meeting	1,500	DTI	
								3.1.5	20th Conference of African Ministers of Industry (CAMI-20),Support Bureau and Related activities					
								3.1.6	Support the Bureau and the organization of 3rd Conference of AU Ministers responsible for Mineral resources Development					
								3.1.7	Organise The Ministers of Trade Conference to consider Various intra-Africa and Global trade policy issues					
								3.1.8	Meeting of the HATC					
								3.1.9						

**DRAFT PROPOSAL**  
**MODALITIES FOR CONVENING THE ORDINARY SESSIONS OF THE ASSEMBLY**  
**OF THE UNION ON DEVELOPMENT AND INTEGRATION**

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## **DRAFT PROPOSAL**

### **MODALITIES FOR CONVENING THE ORDINARY SESSIONS OF THE ASSEMBLY OF THE UNION ON DEVELOPMENT AND INTEGRATION**

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## **I. Background**

1. It will be recalled that African Ministers in charge of Integration during their Fifth Session, held in Nairobi, Kenya from 8-9 September 2011, proposed in their Declaration to Heads of State and Government that one of the Ordinary Sessions of the Assembly of the Union should be devoted to development and integration issues. The 18<sup>th</sup> Assembly of the Union, held in Addis Ababa, Ethiopia, in January 2012, adopted the landmark Decision (**Assembly/AU/Dec.392(XVIII)**), “to devote, in line with conditions to be determined by the Commission, one of its ordinary sessions to considering development and integration issues”, which will now henceforth enable the Union to provide a balanced and much needed focus on development and integration matters.

2. Since this historic Decision was taken, the question now arises as to the modalities for organising such a Summit, the theme to be discussed at the first Summit, how themes will be selected for subsequent Summits, the period from which the new format will take effect and the role and relationship between the various actors engage in the implementation and monitoring of Africa’s integration agenda. This proposal document attempts to address some of aforementioned questions by setting out the proposed modalities for implementing the Summit Decision.

## **II. Proposed Period of commencement**

3. In view of the fact that January AU Summits are usually dedicated to budgetary and administrative matters, it is proposed that the new Summit format be incorporated in the June/July Summit Sessions. However, considering that the theme for the 19<sup>th</sup> AU Summit, to be convened in Lilongwe, Malawi in June/July 2012, has already been agreed as ‘Boosting Intra-Africa Trade’, a continuation of the theme of the 18<sup>th</sup> AU Summit, this period has not been selected to launch the new Summit format. Further, in view of the fact that in 2013, the African Union (AU) will be celebrating the 50 years anniversary of the founding of the Organisation of African Unity (OAU). In this regard, the 21<sup>st</sup> AU Summit is likely to focus on the 50<sup>th</sup> anniversary celebrations. In view of the above, it is, therefore, proposed that implementation of the new Summit format on development and integration matters be inaugurated by the 21<sup>st</sup> AU Summit in June/July 2013 with a specific theme.

## **III. Organization: role and linkage between different stakeholder**

4. In organizing a Summit of this kind, it will be necessary to bring on board various stakeholders during the process of not only deciding upon the theme, but also to prepare the necessary documentation on the theme of the Summit as well as other preparatory activities. The proposed modalities are the following:

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<b>Role</b>	<b>Actor</b>	<b>Responsibilities</b>
<b>Lead Department</b>	<ul style="list-style-type: none"> <li>▪ Department of Economic Affairs</li> </ul>	<ul style="list-style-type: none"> <li>▪ The lead focal Department on all matters pertaining to the convening of Summit on development and integration issues</li> </ul>
<b>Coordinating Division</b>	<ul style="list-style-type: none"> <li>▪ Economic Integration and Regional Cooperation Division (EIRCD)</li> </ul>	<ul style="list-style-type: none"> <li>▪ To coordinate the process of preparing the Summits on development and integration</li> </ul>
<b>Supporting Departments and Divisions</b>	<ul style="list-style-type: none"> <li>▪ Other AU sectoral Departments (depending on the theme and sub-themes agreed)</li> <li>▪ Secretary of the Commission</li> <li>▪ Bureau of the Chairperson</li> <li>▪ Protocol Services</li> <li>▪ Transport Unit</li> </ul>	<ul style="list-style-type: none"> <li>▪ To prepare relevant documentation (issues papers, Reports, presentations etc) on the theme and sub-theme of the Summit, where it relates to their technical area of expertise</li> <li>▪ To provide necessary technical, advisory and logistical support during preparations for the Summit and during the Summit proceedings</li> </ul>
<b>Leading Ministerial body</b>	<ul style="list-style-type: none"> <li>▪ Conference of African Ministers in charge of Integration</li> </ul>	<ul style="list-style-type: none"> <li>▪ To consider and approve the proposed theme and sub-theme of the Summit</li> <li>▪ To convene its annual Ministerial Conference on the theme of the Summit</li> <li>▪ To submit its report on deliberations on the Summit theme and sub-theme to the AU Summit</li> <li>▪ Ministers to attend the Summit</li> </ul>
<b>Supporting Ministerial bodies</b>	<ul style="list-style-type: none"> <li>▪ Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development</li> <li>▪ Other Ministerial bodies (depending on the theme and sub-theme of the Summit)</li> </ul>	<ul style="list-style-type: none"> <li>▪ For the sub-theme of the Summit to feature in its annual Ministerial Agenda</li> <li>▪ To submit its report on deliberations on the sub-theme to the AU Summit</li> <li>▪ Ministers to attend the Summit</li> </ul>
<b>RECs coordinating</b>	<ul style="list-style-type: none"> <li>▪ AU-RECs-ECA-AfDB Coordination Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ To consider and deliberate on the proposed theme and sub-</li> </ul>

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Role	Actor	Responsibilities
<b>mechanism</b>	<ul style="list-style-type: none"> <li>▪ AU-RECs-ECA-AfDB Joint Programming</li> </ul>	theme of the Summit and to make recommendations to the COMAI for consideration and endorsement
<b>Summit presenters</b>	<ul style="list-style-type: none"> <li>▪ <b>CEOs of the RECs</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ One CEO of the RECs to give a summary of progress in the RECs on integration, main challenges and recommendations for consideration by the Summit. This could be done on a rotational basis</li> </ul>

#### IV. Proposed theme of the Summit

5. Given that the focus of the new Summit format will be on development and integration matters; there will be need to ensure that the theme of the Summit also corresponds to the theme of the Conference of African Ministers, which would have preceded it. This is deemed important for continuity, synergy and enable outcomes of the COMAI to be fed into the Summit discussions. Further, that the theme identified would also need to have some linkages/correlation between the main Summit issues that are of focus, namely development and integration.

6. In view of the above, the proposed theme for the 21<sup>st</sup> AU Summit are the following, with associated sub-themes:

**Main theme: Integration and Sovereignty:** The genesis behind the theme Integration and Sovereignty is that it was the theme of COMAI V. The topic generated substantial interest and debate from Experts and Ministers alike on the role of sovereignty in the integration process, and how it should be used to aide rather than hinder the process.

**Sub-theme(1) - unleashing the development potential of Least Developed Countries (LDCs) and Land-locked Countries (LLDCs):** The issue of LDCs and LLDCs and how to foster economic transformation and the graduation of many from their disadvantaged status as LDCs and LLDCs (through improved regional infrastructure connectivity, market access, trade facilitation and productive capacity for diversification and value addition) are issues that have frequently aroused debate amongst Ministers of Integration. Further, a focus on these issues will also afford Africa the opportunity to look into detail at the recent Programme of Action for the Least Developed Countries for the Decade 2011-2020 and the Istanbul Declaration which were both adopted at the Fourth United Nations Conference on the Least Developed Countries, held in May 2011, in Turkey.

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The objective of the Programme of Action is to ensure sustained economic growth and poverty reduction with a view to enabling half the number of LDCs to graduate from the least developed country category by 2020. The Programme of Action identifies eight priority areas: productive capacity, including infrastructure, energy, science and technology and private sector development; agriculture, food security and rural development; trade; commodities; human and social development, including women's empowerment; addressing the impact of multiple crises and emerging challenges, such as climate change; mobilizing financial resources for development and capacity-building; and good governance at all levels. Given that 34 out of the 49 least developed countries are in Africa (the new nation of South Sudan has increased the list from 33 to 34, respectively), the implementation of the Programme of Action would go a long way to addressing the development challenges facing the continent. Therefore, this sub-theme would afford the Summit the opportunity to reflect on how Africa envisages the implementation of the Programme of Action.

**Sub-theme (2) - Free movement of People (passport and visas issues):**

Free movement of people, goods, services and capital is an essential component in establishment of an African Common Market. While the African integration process is reaching some of its benchmarks vis-a-vis the Abuja Treaty milestones, free movement within the RECs, especially of people, and at a Continental level is becoming a central issue in both policy and practice. Of all the freedoms, the free movement of people is the most difficult to achieve and the least desirable for some Member States to concede. Growth in the free movement of goods, services, and capital in the global economy requires a similar growth in the free movement of people, particularly within the African Continent to enhance the competitiveness of the continent as it contributes to fostering an enabling environment for business.

However, free movement in general and free movement of people, in particular is progressing slowly in some countries and regions, especially as regards the recognition of African diplomatic passports and easing of visa restrictions for certain categories of people/professionals. Although there are notable individual achievements by some RECs in the area of free movement, not enough importance is accorded to the issue of free movement of people. In Africa, there is a need to better understand what the free movement of people means for development, poverty reduction, wealth creation and transformation in the structure of the Continent's economies. There is no doubt that the free movement of people has a developmental impact, but there is need to look at the most beneficial policy change that Member States should put in place in order to reduce barriers to migration, to

liberalize the mobility of people, to ensure social protection for migrants and to harmonize the policy areas relevant to the free movement of people.

**Development and Integration:** In view of the fact that the new Summit format will be convened with development and integration as the new focus. It may be fitting for the first Summit of this kind to have these issues as its main theme.

**Sub-theme - post MDGs:** The new Summit format will not be launched until 2013 and this is very near to the MDGs target date of 2015. Having this as a sub-theme very close to the MDGs target date could be a prime opportunity for Africa to reflect on the post-MDG agenda and how it wishes to shape and design that agenda in terms of Africa's development priorities. This may be particularly important given that the current agenda was formulated when the AU was not in existence and is considered by some to be an externally driven initiative. Reflections by Africa on the post MDGs agenda would go a long in helping to formulate indicators that are more relevant to the Africa context.

## V. Potential venues scenarios

7. As Africa and the AU move into the second decade of the 21 century, with a new Summit format having been adopted by the 18th AU Summit. This spirit of innovation and change could also be extended to where the June/July Summits on development and integration could be convened in order to promote Africa's renewal, modernity and economic transition with a specific impact on its development through the integration process.

8. In this regard, a number of scenarios are presented on where the AU Summit on development and integration matters could be convened.

### **Scenario 1: One capital city regularly hosting the June/July Summit**

9. This scenario has two possible options:

a) **Option 1:** One capital city of Africa could be identified to regularly host the Summit, with the specific country and capital identified by Member States themselves. The advantage of this is that the selected African city would then become associated within Africa and internationally as the venue where regular AU Summits devoted to development and integration issues are convened, as is similarly the case with Davos in Switzerland, known internationally as the venue for the World Economic Forum.

The selection of the capital city should be according to a set of developmental criteria such as the host country having the adequate infrastructure (roads, hospitality and conference services, financial services and human resources) for hosting a Summit of this kind every year. Other criteria could include

impressive and sustained GDP per capita over the past five years, stable, peaceful and democratic. The selection of the city should aim to showcase Africa's developmental advancement, renewal, progress, modernization over the past decade. Through consultations, a country that meets the above criteria could be selected.

- b) Option 2:** Every three (3) or five (5) years one African country is chosen on a competitive basis to host the Summit for this period, according to the criteria above. The advantage of this is that it would help to encourage African countries to accelerate and sustain their development and economic advancement. Similar to the competition to host the Olympic Games or the World Cup, countries would need to compete and showcase their ability to host the Summit for the period specified. Member States would then vote for the country they think should be the next host. Such a process could also open up new investment opportunities and attract new forms of investment from within and outside the continent.

### **Scenario 2: regional rotation**

**10.** Each year the hosting of the June/July Summit could be rotated on a regional basis. This would give each region and the RECs in those regions the opportunity to be part of hosting such a Summit, showcasing and promoting the event in their regions each year. This would also enable the regions and the RECs to host one of the twice yearly Summit events.

### **Scenario 3: Status Quo**

**11.** Maintaining the status quo of one Africa country every year offering to host the June/July Summit, according to the current practice.

## **VI. Conclusion**

**12.** This paper has tried to present proposals on modalities for implementing the 18<sup>th</sup> AU Summit Decision to devote one of its Ordinary Sessions to development and integration issues. The regular holding of this Summit will help ensure that the endeavors of regional and continental integration and Africa's other development efforts benefit from the political guidance of all Heads of State and Government of the AU. Thus, promoting ownership and leadership of the development and integration agenda among Heads of State and Government and the wider African constituency.

**13.** Such a Summit will also afford the RECs the opportunity to inform at the highest level all Heads of State and Government of the AU on their integration and development activities, achievements and results, thus fully involving them in and taking ownership of AU Summit processes. This will also foster accountability for the integration process by the RECs to all 54 African Member States and not just their core Member States.

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