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SC6424

EXECUTIVE COUNCIL
Twentieth Ordinary Session
23 - 27 January 2012
Addis Ababa, ETHIOPIA

EX/CL/700(XX)
Original: English

**REPORT OF THE 7TH ORDINARY SESSION OF THE AU
CONFERENCE OF MINISTERS OF TRADE, ACCRA, GHANA,
29 NOVEMBER - 2 DECEMBER 2011**

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**AU CONFERENCE OF MINISTERS OF TRADE
7th ORDINARY SESSION
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**REPORT OF
THE MEETING OF MINISTERS**

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INTRODUCTION

1. The Seventh Ordinary Session of the AU Conference of Ministers of Trade was convened at Ministerial level on 2nd and 3rd December 2011, at the Ghana International Conference Centre, Accra, Ghana. The meeting was declared open by H.E. Mrs. Hanna Tetteh, Minister of Trade and Industry of the Republic of Ghana. The Conference was addressed by H.E. Mr. Erastus Mwencha, the Deputy Chairperson of the AUC, and by H.E. Mr. Emmanuel Hategeka, Head of Delegation representing the Minister of trade and Industry of Rwanda, outgoing Chair.

ATTENDANCE

2. The meeting was attended by the following Member States: Algeria, Angola, Benin, Botswana, Burundi, Cape Verde, Chad, Congo, Egypt, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Libya, Mauritania, Namibia, Niger, Nigeria, Rwanda, Saharawi Arab Democratic Republic, Senegal, Sierra Leone, South Africa, South Sudan, Togo, Tunisia, Zambia and Zimbabwe.

3. The following Regional Economic Communities (RECs) and partner organisations participated in the meeting: COMESA, ECCAS, ECOWAS, SADC, EAC, UEMOA, ACP, ADB, CEPG, Commonwealth Secretariat, DFID, ECDPM, Joint Secretariat Support Unit UNECA/AfDB/AUC, OIF, NEPAD, South Centre, Third World Network Africa, UNECA, UNEP, UNDP, NANTS, SAANA, ACP MTS Programme, World Bank, World Customs Organization, WTO, Action Aid/Ghana, Centre for Africa Development and Progress (CADEP), ENDA Tiers Monde, and PRCCE. The full list of participants is attached as Annex 1.

PROCEEDINGS

Agenda Item 1: Opening of the Meeting

Statement by the Deputy Chairperson of the African Union Commission

4. In taking the floor, the Deputy Chairperson of the African Union Commission, H.E. Mr. Erastus Mwencha requested a minute of silence in memory of the late AU Commissioner in charge of Trade and Industry, Mrs. Elisabeth Tankeu. He then stressed that no country in the world has been able to realize sustainable economic growth without trade, a premise upon which the Heads of State and Government at their meeting in Addis Ababa in January 2011, took the decision to devote the January 2012 Summit to boosting intra-African trade.

5. He recalled the decision of the last Conference of Ministers of Trade on the necessity to fast track the establishment of a Continental Free Trade Area and stressed the opportunity in this meeting to take bold and historic decisions that will set Africa on

an irreversible path of deeper continental market integration. He cited the successful example of ASEAN which has experienced greater efficiency in production and achieved long-term competitiveness when they liberalized trade through the elimination of tariffs and non-tariff barriers, as well as the six-fold increase in intra-COMESA trade following the establishment of a free trade area.

6. Mr. Mwencha further highlighted the enormous potential of market integration in sectors such as agriculture and food security, ICT, energy, finance, tourism and trade in services, reiterating the need to boost intra-African trade by at least 25-30% in the next decade through a three pronged approach as proposed by the Senior Officials namely; an Action Plan for Boosting intra-African trade, a Draft Road Map, and Architecture for Fast Tracking a Continental Free Trade Area. He underlined the activities, outputs, time frames and responsibilities at the regional and continental levels that should move the process forward following on the successful example of the EAC-COMESA-SADC Tripartite Arrangement.

7. He also took the opportunity to highlight the issues under EPAs, Doha Development Agenda, AGOA and a proposal for Enhanced Trade Preferences, which he called on Member States to adopt. He concluded by also calling on the Ministers to also attend the Summit in January.

Statement by H.E. Mr. Emmanuel Hategekaon behalf of the Minister of Trade and Industry, Rwanda, outgoing Chairman Trade Ministers Conference

8. In his statement, H.E. Mr. Emmanuel Hategekaon behalf of the Minister of Trade and Industry of Rwanda, indicated that he was confident that the conclusions of the deliberations would provide a renewed commitment for a better economic future for Africa. It would be a question of consolidating the gains of the results obtained at the Ministerial Meeting in Kigali in October 2010 by undertaking concerted actions designed to stimulate Intra-African Trade. He further underscored that the revival of Intra-African Trade and the establishment of the Continental Free Trade Area were timely in the context of the current global economic crisis.

9. In spite of the note of optimism, the Minister of Trade and Industry of Rwanda however observed that statistics on Intra-African Trade were weak. In fact, Intra-African Trade represents, on the average, about 10 to 12% of overall Trade and this is a low percentage compared to North America for example where the volume of trade amounts to more than 40%. He then emphasized that contrary to the developed regions and Asia, Trade in Africa does not generate employment because Africa does not use its entire economic potential. Therefore, in order to overcome the constraints which hinder Intra-African Trade, it is necessary to change mentalities by consuming African products, addressing challenges in infrastructure and eliminating trade restrictions.

10. The Minister of Trade and Industry of Rwanda also indicated that due to the informal sector, part of the trade transactions between African countries is not recorded. The informal sector which constitutes an important part of the economic activity of African countries can serve as a lever to boost Intra-African Trade. He concluded his

statement by reiterating the commitment of Rwanda to fast-track the establishment of the Continental Free Trade Area before handing over the Presidency to the Republic of Ghana.

Opening Statement by H.E. Honourable Mrs. Hanna Tetteh, Minister of Trade and Industry of Ghana

11. Minister Hanna Tetteh warmly welcomed all delegations to Ghana. She exhorted the Conference to seize this opportunity to make trade the real engine of economic growth and development. She recalled the duty of the Conference which is to produce a blueprint for boosting intra-African trade, on which AU Heads of State and Government can pronounce themselves on at the January 2012 Summit.

12. She stated that although the promotion of intra-African trade is a top priority, Africa should pursue its integration into the multilateral trading system. She welcomed the forthcoming ACP meetings in Brussels and invited the Ministers to adopt in this regard common positions and articulate clear, unambiguous messages for the Brussels meetings and for the 8th WTO Ministerial Conference.

13. She deplored the lack of progress in the EPA negotiations and stated that proposed early harvest at the WTO would have limited value if the cotton issue was not included in the package. She proposed the creation of a willing coalition to move with the proposed agenda. She concluded by drawing attention to other items on the agenda which all impact on Africa's trade capacity development.

Agenda Item 2: Election of the Bureau

14. The meeting elected the following bureau:

| | | |
|----------------------------------|---|------------------------------------|
| Chairperson | - | Ghana (West Africa) |
| 1 st Vice-Chairperson | - | Algeria (North Africa) |
| 2 nd Vice-Chairperson | - | Angola (Southern Africa) |
| 3 rd Vice-Chairperson | - | Republic of Congo (Central Africa) |
| Rapporteur | - | Rwanda (East Africa) |

Agenda Item 3: Consideration and adoption of Agenda

15. The Meeting considered and adopted its Agenda without amendment.

Agenda Item 4: Organization of Work

16. The meeting also adopted the following working hours:

| | |
|------------|----------------|
| Morning: | 09h00 to 13h00 |
| Afternoon: | 14h30 to 18h00 |

Agenda Item 5: Presentation of the Report of Senior Officials and Consideration of Recommendations contained therein.

17. The Report of Senior Officials was presented by the Chair of the Meeting of Senior Officials. The presentation gave an overview of the discussions and the recommendations contained in the Report

18. The Conference took note of the Report and made the following observations and recommendations under each item:

Consideration of the Draft Action Plan

19. Discussions on the Action Plan were deferred to Agenda Item 7.

Consideration of the Framework for the Continental Free Trade Area (CFTA), Road Map, Architecture and Monitoring and Evaluation Mechanism

20. The Conference expressed concern on the composition of the High Level African Trade Committee (HATC) and its position between the Joint Ministerial Conference and the Assembly of Heads of State and Government. With regard to the timeframe, the Conference was of the view that more details were required on the modalities and milestones for attaining the CFTA by 2017. However, the Conference was in broad agreement on the importance of the CFTA in boosting intra-Africa trade and developing regional markets. Further detailed discussion was deferred to Agenda Item 7.

Review of Multilateral Trade Negotiations

21. The discussion on this item considered the additional onerous demands made by developed countries, the departure from the developmental mandate on the single undertaking principle and the failure to deliver on issues of importance to LDCs and other African countries. Following the discussions, the Conference adopted the Accra Declaration on WTO issues.

Report on the 3rd Global Review on Aid for Trade

22. The Conference took note of the Report on this item.

Presentation of a Proposal for Improved and Enhanced Trade Preferences System for LDCs and LICs

23. The Conference adopted the proposal and called on the African Union to transmit it to the G20 and other development partners.

Report on the 10th AGOA Forum

24. The Conference took note of the Report of the 10th AGOA Forum and urged Member States to implement the recommendations contained therein.

Preparations for UNCTAD XIII

25. The meeting took note of the Report.

Agenda Item 6: Panel discussion on Boosting Intra-African Trade and Fast Tracking the Continental Free Trade Area

26. Since the issue of boosting intra-African trade and fast tracking the Continental Free Trade Area had already been discussed under item 5 and 7, the Conference decided not to proceed with the Panel discussion. However, representative of the USTR office was given the opportunity to deliver a statement on the DDA negotiations and AGOA.

Agenda Item 7: Consideration and adoption of the draft Action Plan on Boosting intra-African trade and Framework for fast tracking the Continental FTA, Road Map, Evaluation and Monitoring Mechanism

27. The Conference received a short presentation that recalled the Decision of the 6th Ordinary Session of the African Union Ministers of Trade Conference on fast-tracking the establishment of the Continental Free Trade Area (CFTA) and the subsequent theme of the January 2012 AU Summit also on boosting intra-African trade. According to the Abuja Treaty the Regional Economic Communities should establish regional Customs Unions by 2017, while the Continental Customs Union is to be established by 2019. It was on this basis that the Conference was requested to adopt and recommend to the Summit to endorse the establishment of the CFTA by 2017.

28. The discussion that followed focused on the following issues:

- (i) **The 2017 timeframe for the establishment of the CFTA:** the proposed timeframe of 2017 for establishing the CFTA was regarded as too ambitious given the experiences of integration at the regional level. Further, the proposed timeframe should be supported by analysis which draws on the experiences of the RECs to provide deeper insights into the challenges of regional integration.
- (ii) **Institutional framework/architecture, specifically the High Level African Trade Committee (HATC):** the Conference expressed concern regarding the membership of the HATC, notably the proposal to have Chief Executives Officers (CEOs) of the RECs as members. Further, the HATC was regarded as an additional level of bureaucracy between the Joint Ministerial Conference and the Assembly of the Union.

- (iii) **Modalities for establishing the CFTA:** on the steps required to establish the CFTA the Conference underscored the importance of detailing a comprehensive road map with clearly defined milestones which capture the necessary activities and issue that need to be undertaken and considered to progress towards the CFTA. In this regard, the issues that should be addressed include: rules of origin, flexibility in adjustment costs, exclusion lists for sensitive products and a programme for market liberalization that promotes infrastructure development, trade facilitation and industrialization.

29. The Conference, however, expressed the view that the CFTA could be developed building on regional experiences of the RECs in establishing FTAs and on the principle of variable geometry that focuses on the coalition of willing countries. This should also be accompanied by measures to build trade defense mechanism capacity and quality infrastructure of African countries.

30. Following the discussions consensus was reached as follows:

- The membership of the HATC should only be comprised of Chairpersons of the RECs who are Heads of State and Governments;
- The Conference of Ministers of Trade should report in an advisory capacity to the HATC which will in turn present its views to the Assembly;
- The AU Commission should develop a detailed road map with clear milestones for the establishment of the CFTA by 2017 as an indicative date; and
- The dispute settlement mechanism should be reconsidered especially the position and role of the African Court of Justice given its role as an independent body

Recommendation

- (a) **The Action Plan on Boosting Intra-African Trade and the Framework for the Continental Free Trade Area, Road Map, Architecture and Monitoring and Evaluation Mechanism were adopted and recommended for endorsement by the Summit of the African Union**

Agenda Item 8: Exchange of views on preparations for the WTO MC8 and Consideration and adoption of the draft Declaration on WTO Issues

31. A closed session was held by the African Ministers to discuss preparations for the MC8 and the state of play on DDA negotiations.

32. The Ministers noted that some major developed country players believe that the texts currently forming the basis of negotiations of the Doha Round do not represent a good basis for negotiations and do not cater for their market access ambitions. Ministers further noted that this position of major developed-country players is targeted at emerging developing countries which include some African Countries.

33. The Ministers strongly rejected the views being advanced by some larger players assessing that the DDA is obsolete.

34. The Ministers expressed the view that the Trade Facilitation negotiations should only advance once the priority African interests such as cotton, trade distorting subsidies, preference erosion and commodities are addressed. They also expressed concern on the increased use of protectionist measures and policies, as well as on the misinterpretation of flexibilities under Para 47 of the Doha Ministerial Declaration; which was understood by Africa to mean that the harvest should be on issues of interest to developing countries, particularly those in Africa.

35. Ministers also strongly called on development partners to contribute additional, predictable and sustainable aid for trade related technical assistance and capacity building on a non conditional basis; while improving aid supply mechanisms.

36. Ministers unanimously rejected any ideas on a standstill on tariffs before the DDA is finalized, since that would compromise the policy space needed by African countries in the protection of their infant industries.

37. Ministers were informed of the fact that the second term of the current WTO DG is soon coming to an end, that no African personality had held the job before (either under GATT or WTO), and that they needed to consider an appropriate African candidate.

38. Ministers were also made aware of the challenges faced by some African LDCs on the application of the Duty Free Quota Free market access in accordance with the Hong Kong ministerial decision, and supported the need for a compensatory mechanisms as reflected in the Accra Declaration on WTO Issues.

39. Ministers were also unanimous in their call for the simplification of accession mechanisms; as they considered the current system to lack fairness, transparency and coherence.

40. Ministers emphasized the commitment to engage at MC 8 on the basis of African interests and to speak – in the strongest possible terms – at MC 8 in support of those interests as articulated in the Accra Declaration on WTO Issues..

41. Ministers were also unanimous in the rejection of non-multilateral approaches in the WTO negotiations. They consider their outcomes to be unbalanced and non inclusive. They also rejected the introduction of new issues such as climate change and investment in the negotiations.

Recommendation:

The Meeting considered and adopted the Accra Declaration on WTO issues

Agenda Item 9: Consideration and adoption of the Draft Summit Declaration

42. The conference considered the Draft Summit Declaration on Boosting intra-African trade and Establishment of the Continental Free Trade Area and recommended it for consideration and adoption by the Heads of State and Government.

Agenda Item 10: Consideration of the Draft Resolution of the 7th Ordinary Session of the Conference of Ministers of Trade

43. The Conference considered the draft Resolution on the outcome of its Seventh Ordinary Session and adopted it with amendment.

Agenda Item 11: Date and venue of the 8th Ordinary Session of the AU Ministers of Trade Conference

44. The Republic of Angola offered to host the 8th Ordinary Session of the Conference of Ministers of Trade, subject to confirmation by the Government. The date will be determined after consultation.

Agenda Item 12: Any other Business

45. No issue was raised under this item.

Agenda Item 13: Adoption of the Report of the meeting of Ministers

46. The Conference considered its report and adopted it with amendments.

Agenda Item 14: Closure of the Meeting

47. A Vote of Thanks was delivered, on behalf of the Conference, by H.E...Ms. Claudine Munari, Minister of Trade of the Republic of Congo, who expressed her gratitude and appreciation to the Government and people of Ghana for the warm hospitality accorded to all delegations since their arrival in Accra as well as the facilities put at their disposal, which had significantly contributed to making the work of the Conference a success.

48. Finally, she emphasized that the work of the Conference would significantly contribute to increasing trade and development within the continent as well as strengthening Africa's integration process.

49. The Chair, H.E. Hon Mrs.Hanna Tetteh, Minister of Trade and Industry of the Republic of Ghana, brought the Conference to a close after thanking the Ministers and all participants for their inputs to a successful conference.

2012

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