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EXECUTIVE COUNCIL

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

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**Meeting of the PRC Sub Committee
on Economic and Trade Matters**

31st October 2018

Addis Ababa, Ethiopia

**DTI/PRC/Sccttee/Eco.Trade/Final/Rpt.
Original: English**

REPORT

Introduction

1. The Meeting of the Permanent Representative Committee (PRC) Sub Committee on Economic and Trade matters was held on Wednesday, 31st October 2018. The major objective of the Meeting was for the Sub Committee to receive updates and reports from both the Departments of Economic Affairs and of Trade and Industry of the African Union Commission in regards to their respective work programs and activities for 2018. The meeting was chaired by H.E. Ambassador Baye Moutar Diop of Senegal, in his capacity as Chairperson of the Sub Committee.

Participation

2. The following Members of the Sub Committee attended the Meeting: Chad, Comoros, Egypt, Namibia, Nigeria, Senegal, South Africa and Togo. The Meeting was attended by the Commissioner and the Director for the Department Trade and Industry and Officers and Experts from the Departments of Economic Affairs and Trade and Industry. The list of participants is attached to this report as Annex I.

AGENDA ITEM 1. Opening of the Meeting

Opening Remarks by H.E. Ambassador Baye Moutar Diop, Chairperson of the PRC Sub Committee on Economic and Trade matters

3. The Chairperson of the Sub-Committee on Economic and Trade matters, H.E Baye Moutar, Ambassador of Senegal in Addis Ababa, welcomed the participation of H. E. Ambassador Albert Muchanga, the Commissioner for the Department of Trade and Industry, as well as members of the Subcommittee and took note of the absence of H.E. the Commissioner and Director of Economic Affairs Department, due to other engagements.

4. In his opening remarks, he pointed that it was the second time that the Sub-Committee has met since it was put in place. The first meeting took place on January 18, 2018, since then important developments have been recorded. He recalled that the main mandate of the Subcommittee is to examine trade and economic activities between Member States in order to speed up the process of regional integration.

5. He pointed out that notable progress have been made since the last meeting of the Sub-Committee, notably the signing of the Agreement establishing the African Continental Free Trade Area. Ambassador Baye Moutar thanked both Departments for the remarkable results obtained. He then congratulated the Department of Economic Affairs for its latest publications, including the 2018 Annual Economic Report on Africa's Development Dynamics and the Strategy for Harmonization of Statistics in Africa (SHaSA II).

6. The Chair concluded by requesting Members of the Sub-Committee to commit to supporting the work of the two Departments in achieving the objectives of Agenda 2063, which contains several flagship projects such as the AfCFTA and the Commodities Strategy, as well as the Report of the Specialized Technical Committee on Finance,

Monetary Affairs, Economic Planning and Integration and the Report of the 4th Conference of African Ministers of Civil Status.

7. He also called for more regular meetings to be held, to enable the Sub-Committee to review progress and provide the necessary guidance.

AGENDA ITEM 2. Adoption of the Agenda

8. The agenda was adopted without amendments and is attached as Annex II to this report.

AGENDA ITEM 3. Adoption of the Report of the Meeting held in January 2018

9. The PRC Sub-Committee on Economic and Trade Matters considered and adopted the Report of its meeting held in January 2018.

AGENDA ITEM 4. Updates on Key Developments in the Department of Trade and Industry

10. The Commissioner for the Department of Trade and Industry, H.E. Ambassador Albert Muchanga, appraised the meeting as follows:

(i) Trade Matters

11. In the area of Trade, the Commissioner highlighted a number of developments that took place since the Sub Committee last met in January 2018. Beginning with the AfCFTA, he informed the meeting that the Agreement was adopted in March 2018 by the 10th Extra Ordinary Summit of AU Heads of State and Government and that so far, 49 Member States have signed the Agreement establishing the Continental Free Trade Area (AfCFTA), and 9 Member States have ratified it. The Meeting was also informed that several Member States are undertaking national consultations so as to sign and ratify the AfCFTA Agreement.

12. The Commissioner also informed the meeting that on the eve of the adoption of the AfCFTA Agreement, the Commission organized a Business Forum for the Private Sector during which the Private Sector pledged to support the AfCFTA advocacy processes. To this end, they pledged 1 million United States Dollars. The Private Sector Business Forum has since been institutionalized and the next session of same will take place in July 2019. The Forum also resulted in the signing of a Memorandum of Understanding between the Commission and the AfroChampions, a grouping of prominent African Business persons who among others pledged to support the AfCFTA. Afreximbank also pledged to support the AfCFTA process with USD 500,000.00

13. The Commissioner then indicated that there is still some work being done to finalize Phase one of the Negotiations that includes the finalization of the Annex on Rules of Origin, Schedules of Tariff Offers and Schedules of specific commitment on Trade in Services. He indicated that this work is expected to be completed by 31st December 2018.

14. H.E. Ambassador Muchanga highlighted some of the work being done in support of the AfCFTA including the organization of the First Intra African Trade Fair, that will take place from 11-17 December 2018 in Cairo, Egypt; the development of a digital payment and settlement system in collaboration with the Afreximbank as well as the development of Draft Trade Facilitation Strategy and a Draft Commodity Strategy. In addition, he informed the meeting that the International Trade Center (ITC) has published an AfCFTA guide and that the Department of Trade and Industry is finalizing work on an AfCFTA Handbook as well as establishing a Trade Observatory.

15. On international trade, the Commissioner briefed the meeting on the outcomes of the African Growth and Opportunity Act (AGOA) Forum whereupon he indicated that there is need for AGOA Eligible Countries to find ways on improving the Utilization of the preferences under the scheme. The Commissioner also informed the Meeting that under Forum on China-Africa Cooperation (FOCAC), a segment on Industry and investment has been introduced which will be championed by the Department of Trade and Industry on the African Side.

16. In regards to the World Trade Organisation (WTO), the meeting was informed of Review meetings during which the African Group is taking stock of the processes as well as preparing their positions in regards to the negotiations.

(ii) Industry Matters

17. The Commissioner informed the Meeting that a draft Small and Medium Sized Enterprise (SME) Strategy has been developed and will be presented to the Second Specialised Technical Committee on Trade, Industry and Minerals for their consideration and adoption. The meeting was further informed that an African Enterprise Network whose aim is to bring together SMEs in Africa has also been established. The Commissioner also briefed the meeting about an MOU that has been signed by the African E-commerce Development International (AeCDI) and the Commission, for the development of a Continental Platform on E-commerce that will assist export companies especially SMEs in enhancing their exports.

18. The Meeting was also briefed on the establishment of the Accelerated Industrial Development for Africa (AIDA) Implementation and Coordination Unit within the Department of Trade and Industry with the support from the United Nations Industrial Development Organisation (UNIDO), which will assist in the implementation of the AIDA Strategy. In addition, the Commissioner highlighted the work being done in the mobilization of international support for Africa Industrialization under the Third Industrial Development Decade for Africa (IDDA III) that was proclaimed in July 2016 at the United General Assembly to run from 2016 -2025.

(iii) Mining Issues

19. In the area of Mining, the Commissioner briefed the meeting that following the Summit decision held in Nouakchott in July 2018 for the Republic of Guinea to host the

Africa Minerals Development Center(AMDC) the Commission is working with the United Nations Economic Commission for Africa (UNECA) and the host Government on the transfer of the Centre. In this regard, the meeting was informed that a Mission will be sent to the Republic of Guinea to work on the Host Agreement and that resources are being mobilized to set up a Transition Team. He also indicated that an Advisory Committee has been set up to work on the ratification of the African Minerals Development Centre (AMDC) Statutes.

20. The Commissioner also highlighted the work being done in line with the Africa Mining Vision which he indicated that will be complimented by the AU Commodity Strategy to ensure that Africa adds value to its mineral products so as to mitigate issues of price volatility.

21. In the discussions that ensued after the briefing, the Committee made the following observations:-

(i) Advocacy work on the ratification of the AfCFTA is of paramount importance in order to ensure that the Agreement comes into force. As such, RECs need to be fully involved, in addition to their involvement in the AfCFTA Continental Task Force.

(ii) In accordance with the Nouakchott decision, there is a need to ensure that Member States establish National Committees on the AfCFTA where they do not exist, and also formulate their AfCFTA Implementation Strategies, support for which has already been sought with UNECA.

(iii) Some issues that may have direct effect on the AfCFTA should also be presented to AMOT Meetings to ensure synergies and to fast track implementation.

22. After the discussions, the Meeting made the following recommendations:-

On the AfCFTA

(i) All AU Member States must be encouraged to sign and ratify the AfCFTA

(ii) The AUC should work on the development of the (African) Internal Market including issues of Competition and Investments

On Industry and Mining

(i) AU member States should be encouraged to work closely to mobilize resources for the SMEs

(ii) All AU Member States should be urged to sign and ratify the AMDC Statute.

AGENDA ITEM 5. Updates on Key Developments in the Department of Economic Affairs

23. Speaking on behalf of the Commissioner for the Department of Economic Affairs who was absent due to some other engagements, H.E. Ambassador Albert Muchanga updated the meeting as follows:-

(i) **African Union Annual Economic Report**

24. The Commission, in collaboration with the OECD Development Centre, published its first African Union Annual Economic Report for the year 2018 under the title, “**Africa’s Development Dynamics Report**”. Focusing on the themes of Growth, Jobs and Inequalities, the Report addresses Development Challenges of the Continent and provides an opportunity to formulate key policy recommendations on how to address them.

(ii) **Private Sector and Business Fora**

25. As means of enhancing sustainable inclusive business climate and improve economic growth and development, the Department of Economic Affairs continue engaging the Private Sector through organizing Private Sector Fora, and joint Economic and Business Fora with Turkey and India among others.

(iii) **Pan African Investment Code (PAIC)**

26. During the Third Conference of African Ministers in Charge of Integration (COMAI III) held from May 22-23, 2008 in Abidjan, Côte d’Ivoire, the Commission was requested to create a conducive environment to attract greater flows of investments into Africa and facilitate intra-African cross-border investments. The Ministers mandated the Commission to develop a comprehensive Investment Code for Africa with a view to promoting private sector participation.

27. The Draft Code was prepared and submitted to the First Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration held at the Headquarters of the African Union, on 26 and 27 October 2017. Ministers considered the revised PAIC and directed the AUC to submit it to the African Union Specialized Technical Committee on Trade, Industry and Minerals. Subsequently, the Commission presented it to the consultative meeting of the STC on Trade, Industry and Minerals held from 15-17 October 2018 at the African Union Headquarters. The Meeting took note of the Draft PAIC, and observed that it could be used as a reference framework document in the negotiations of the AfCFTA Investment Chapter.

(iv) **Harmonization of Statistics in Africa: Setting up Statistical Institutions and Implementation of the Strategy for the Harmonization of Statistics in Africa (SHaSA II2)**

28. Work continued towards the establishment of African Statistical Institutions and implementation of the Strategy for the Harmonization of Statistics in Africa (SHaSA II). In January 2018, the Commission and the Government of Tunisia signed the host agreement for the African Institute of Statistics, which will be headquartered in Tunis. Subsequently,

representatives from the Department of Economic Affairs officially opened the African Institute of Statistics. The Institute is set to begin its activities in early 2019.

29. The Commission and the Government of Côte d'Ivoire have finalized negotiations for the hosting of the Statistical Training Center in Yamoussoukro. The Host Agreement is expected to be signed in early 2019.

(v) The African Central Bank

30. The African Central Bank (ACB) will manage monetary and exchange rate policy in Africa. It will be preceded by the African Monetary Institute, which will lead the preparatory work for the establishment of the ACB based on a gradual approach. To accelerate the establishment of the African Central Bank, the Commission has developed a Draft Host Agreement to be negotiated with the Federal Republic of Nigeria.

(vi) The African Monetary Fund

31. The African Monetary Fund is expected to facilitate the integration of African economies by addressing trade restrictions, financing deficits, fostering monetary cooperation and providing technical assistance to Member States particularly on poverty and debt reduction strategies.

32. The African Monetary Fund has still not been operationalized. As of 8 February 2018, ten signatures have been registered from the following Member States: Benin, Cameroon, Chad, Comoros, the Republic of Congo, Ghana, Guinea-Bissau, Mauritania, Sao Tome and Principe, and Zambia. As of this reporting, there were no ratifications of the Fund's legal instruments.

33. On its part, the Commission signed in Yaoundé in April 2018, the Host country Agreement with the Republic of Cameroon to begin the process of operationalization of the African Monetary Fund once its protocol receives the fifteen (15) ratifications required to enter into force.

(vii) The African Investment Bank

34. As at 15 June 2017, the following twenty-two (22) Member States had signed the relevant legal instruments for the African Investment Bank: Angola, Benin, Burkina Faso, Chad, Côte d'Ivoire, Comoros, the Republic of the Congo, the Democratic Republic of the Congo, Gabon, Gambia, Ghana, Guinea Bissau, Guinea, Liberia, Libya, Madagascar, Niger, Senegal, Sierra Leone, Sao Tome and Principe, Togo and Zambia. However, only five (5) had ratified them, namely Benin, Burkina Faso, the Republic of Congo, Libya, and Togo.

(viii) African Inclusive Market Excellence Centre (AIMEC)

35. The Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration Meeting held in Addis Ababa held on 15-19 October 2017, adopted the establishment of the African Inclusive Markets Excellence Centre .

36. Further, at its 32nd Ordinary Session held from 25- 26 January 2018, in Addis Ababa, the Executive Council, requested the Commission to examine the practical modalities of operationalizing the Centre, in line with the AU rules and procedures.

37. Since the adoption of the establishment of AIMEC, three Member States so far have offered to host the Centre, namely; Benin, Senegal and Tunisia. The Commission is expected to begin conducting the evaluation mission later this year.

38. After the discussions, the Meeting made the following recommendation:

- i. The Department of Economic Affairs in collaboration with the office of the Legal Counsel should continue advocate and ensure that financial legal instruments such as African Investment Bank and African Monetary Fund are signed and ratified. The Sub Committee requested to submit a report to them outlining the reasons for low ratification.
- ii. On African Inclusive Market Excellence Center (AIMEC), the meeting requested the Department of Economic Affairs to ensure that proper evaluation criteria are conducted in line with the AU Rules and procedures.

AGENDA ITEM 6. Update on the outcome of:

(a) The 2nd Meeting of the STC on Trade, Industry and Minerals (STC-TIM), 15-17 October 2018, Addis Ababa, Ethiopia

39. The Director for the Department of Trade and Industry informed Members of the PRC Sub-Committee on Economic and Trade Matters that the STC-TIM meeting was converted to a consultative meeting due to a number of logistical issues, including lack of a quorum, and that documents for the meeting were also not available in the four AU official languages 30 days before the meeting as per the Rules of Procedure.

40. The meeting observed that some of the challenges experienced during the STC-TIM meeting could be addressed if the STC-TIM could consider the revision of its Rules of Procedure at its next meeting.

41. With regards to holding of the STC-TIM, various proposals were considered, and the meeting recommended as follows

- I. The Bureau of the PRC Sub-Committee on Economic and Trade matters consult with the Chairperson of the PRC on the most suitable dates, especially in January before the Summit of Heads of State and Government

- II. The AUC is requested to facilitate participation of Experts from Member States through meeting of the cost of travel and their per diem during the meeting
- III. The AUC should immediately dispatch the meeting documents to all Member States to enable them prepare for the STC-TIM meeting

(b) Africa Industrialization Week

42. Acting Head of Industry Division, from the Department of Trade and Industry provided an update on the African Industrialization week to be held from 18th to 23rd November, 2018 at the AUC Headquarters. The week will be commemorated in line with the declaration by the Heads of State and Government during the 25th Ordinary Summit of the Organization of African Unity (OAU) in July of 1989 where 20th November was declared the Africa Industrialization Day. The Department has already sent invitations to Ministers and other stakeholders to participate in this event, and confirmations are being received. The event will include a high level conference on pharmaceutical production and other side events including financing industrialization, Special Economic Zones (SEZs) and Youth and Entrepreneurship.

43. The Department was encouraged to send reminders to the Embassies based in Addis Ababa of the event so that they too could remind their capitals.

AGENDA ITEM 7. Progress Reports on

(a) The African Continental Free Trade Area (AfCFTA)

44. The meeting was informed that modalities providing a basis for the liberalization of trade in services and goods have been adopted, and the Framework Agreement, the Protocol on Trade in Goods; Protocol on Trade in Services; and Protocol on Rules and Procedures on the Settlement of Disputes were signed by 44 Member States during the 10th Extraordinary Session of the African Union Heads of State and on the 21st March 2018 in Kigali.

45. Also, during the 31st Ordinary Summit held in Nouakchott, Mauritania, in July 2018, the Annexes to the Protocol in Goods and Annexes to the Protocol on Rules and Procedures on the Settlement of Disputes were also adopted. The Heads of State and Government adopted the five priority service sectors of Transport, Communication, Finance, Tourism and Business services. At the time of the meeting of the Sub-Committee, meetings on the Technical Working Group (TWG) on Rules of Origin and Services Negotiations were ongoing in Addis Ababa.

46. The presenter concluded by pointing out that preparatory work on Phase 2 issues which comprises a Protocol on Investment, Protocol on Intellectual Property Rights and a Protocol on Competition Policy is already under way. As per the decision of the 31st Ordinary Assembly held in Nouakchott, Mauritania, in July 2018, the target is to conclude phase II negotiations by January 2020. He also emphasized the need to operationalize the

National AfCFTA Committees in line with Summit Decision and the need establish a Consultative Dialogue Framework for Stakeholders engagement on the AfCFTA.

47. After the presentation, Members of the Sub-Committee enquired on the strategies the Commission is undertaking for speedy ratification of the AfCTFA Agreement, to which H.E. Ambassador Albert Muchanga responded that the AUC leadership is lobbying Member States whenever opportunities arise; engaging the retired Heads of State and Government to lobby for ratification, especially in respective regions, as well as involving the Private Sector by making them aware of the vast market created by the AfCFTA.

(b) Intra African Trade Fair (IATF)

48. With regards to this event, Members of the PRC Sub-Committee on Economic and Trade Matters were informed that the Commission is working with the Afreximbank on the organization of the 1st Intra-African Trade Fair (IATF) that will be hosted by the Arab Republic of Egypt from 11-17 December, this year. To date, 336 exhibitors have registered to attend. The Chair of the African Union, H.E. Paul Kagame, the President of Rwanda, as well as some AU Heads of State and Government will attend the IATF. H.E. Ambassador Albert Muchanga emphasized the need for African Union Member States to participate in the IATF as it would assist in concretizing the African Continental Free Trade Area (AfCFTA) by presenting opportunities for Africa to trade more with itself. The representative of Egypt provided additional information and encouraged all AU member states to participate fully. He also clarified that some Heads of State and Government were invited by the Host Government, based on consultations.

AGENDA ITEM 8. Any Others Business

49. Under This Agenda Item, the Director for the Department of Trade and Industry informed the meeting that as part of the cost cutting measures of the Union, the 2019 budget for the Department has been reduced. However, to enable the Department execute its 2019 activities, especially the AfCFTA Special Project there would be need for a Supplementary Budget. The Director expressed appreciation on the support the Department has been receiving with regards to additional financial requirements from the relevant policy organs.

AGENDA ITEM 9. Meeting Closure

50. In his closing remarks the Chairperson of the Subcommittee thanked the members of the Sub-Committee for participating in the meeting, and the Commissioner, Director and Commission Staff for their presence. He reiterated the support of the Sub-Committee regarding the work of both Departments, and the willingness of the Sub-Committee to be involved in programs and activities.

Annex II

DRAFT AGENDA

1. Opening Remarks by the Chairperson of the PRC Sub-Committee, Ambassador of the Republic of Senegal – 5-7 minutes
2. Consideration and Adoption of the Draft Agenda
3. Adoption of the Report from the last meeting held in January 2018
4. Briefing on key developments in Trade and Industry by Commissioner, Trade and Industry – 10 minutes
5. Briefing on key developments in Economic and Monetary Affairs by Commissioner, Economic Affairs– 10 minutes
6. Update on the outcomes of (a) the, 2nd Meeting of the STC on Trade Industry and Minerals, and (b) Africa Industrialization Week
7. Progress Report on (a) the Continental Free Trade Area (AfCFTA) and (b) Intra African Trade Fair
8. Any Other Business
9. Closing remarks by the Chairperson of the Subcommittee

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**The Meeting of the PRC Sub Committee
on Economic and Trade Matters**

18th January, 2018

Addis Ababa

Ethiopia

PRC/Sccttee/Eco.Trade/Rpt.(2018)
Original: English

REPORT

Introduction

1. The Meeting of the Permanent Representative Committee (PRC) Sub Committee on Economic and Trade matters was held on Thursday, 18th January 2018. The major objective of the Meeting was for the Sub Committee to receive updates and reports from both the Departments of Trade and Industry and Economic Affairs of the African Union Commission in regards to their respective programs and activities for 2017. The meeting was chaired by H.E. Ambassador Baye Mactar Diop of Senegal, in his capacity as Chairperson of the Sub Committee.

Participation

2. The following Members of the Sub Committee attended the Meeting: Chad, Comoros, Congo, Democratic Republic of Congo, Egypt, Ethiopia, Guinea, Madagascar, Malawi, Namibia, Nigeria, Senegal, South Africa, Togo, and Tunisia. The Meeting was attended by Commissioners for Departments of Economic Affairs and Trade and Industry and their respective Officers. The full list of participants is attached to this report as Annex I.

Opening of the Meeting

Opening Remarks by H.E. Ambassador Baye Mactar Diop, Chairperson of the PRC Sub Committee on Economic and Trade matters

3. In his opening remarks, H.E. Mr. Baye Mactar Diop, welcomed the members of the Sub Committee and requested the Meeting to observe a minute of silence in honor of the departed soul of Ms. Mariam Omoro, who was until her death the Program Officer in the CFTA Unit of the Trade and Industry Department. Amb. Diop then recalled that it was the first meeting of the Sub Committee since it was instituted. He commended the presence of the Commissioners for Economic affairs and Trade and Industry at the Meeting and thanked the respective department for organizing the Meeting.

4. He then recalled the mandates of both the Departments of Economic Affairs and Trade and Industry for as they relate to the Sub Committee. He stressed the importance of the Meeting especially as it was happening in the margins of the preparations of the upcoming 30th Ordinary AU Summit of the Heads of State and Government. He concluded his statement by reiterating the Sub committee's support to the work of the two Department, and emphasizing the need for regular meetings of the Sub Committee to ensure that it is updated on the progress of the programs, projects and activities of the two Departments.

Statement by H.E. Prof. Victor Harison, Commissioner, Economic Affairs

5. Commissioner Harrison opened his remarks by noting that this was his first address to the Sub Committee since he assumed duties. He then thanked the Sub Committee for gracing the meeting as well as their support to the Departments of Trade and Industry and Economic Affairs.

6. He gave a brief overview of the African economy from 2000 up to present in which he highlighted the impact of the recent financial crisis in the African Countries as well as the impact of governance, the fall of world oil prices on the economy. In this regard Commissioner Harison called on African countries to seek economic diversification, industrialization, and prioritize integration as ways of reviving their economies. He concluded his statement by emphasizing the need for African countries to sign and ratify the African Union Instruments for the establishment of African financial institutions such as the African Investment Bank and the African Central Bank as they are key in Africa's development.

Statement by H.E. Amb. Albert Muchanga, Commissioner for Trade and Industry

7. In his statement, Amb. Muchanga began by recalling that one of the major reason why Africa sought independence was the need for decent standards of living for its people. He then opined that this can only be achieved if Africa grows consistently at about 7% and above. He then highlighted the importance of strong African economies especially in the light of the continents growing population. He then indicated that without strong economies, Africa would suffer from social and political instability as well as mass immigration of the youth as they vote by their feet.

8. He then stressed that it was on this background that programs such as the establishment of the CFTA are vital as they will assist Africa in creating better opportunities for its people especially the youth. He heightened that the CFTA will encourage specialization of production, development of regional value chains, and Africa's manufactures which currently stands at 12% of finished products as compared to 33% in Europe. In this regard, he also emphasized the role of the private sector especially in value adding to Africa's raw materials, to which he indicated that a Commodities Strategy is being developed to support the same.

9. Commissioner Muchanga then cautioned that the multilateral trading system may not yield the results that Africa expected as evidenced by the outcomes of the last WTO Ministerial Conference, which mainly pointed to the further narrowing Africa's trade policy space. The Commissioner also elaborating the important role that the African Minerals Development Center is playing in bringing about Africans Mining Vision. He concluded by emphasizing that the Sub Committee on Economic and Trade matters is vital to ensuring Africa's prosperity and wellbeing for its people.

Adoption of Agenda

10. The agenda was adopted with minor amendments and is attached as Annex II of this report.

Updates from the Department of Economic Affairs Department

(a) Update on F10+ Meeting on Financing of the Union

11. The Commissioner for Economic Affairs, Prof Victor Harison, briefed the meeting on the F10+ Committee of Ministers of Finance on the Financing of the Union that took place

in Kigali, Rwanda, on 13 January 2018. He informed the Sub-Committee that the meeting of Ministers was preceded by a meeting of the F10+ Technical Committee from 11 to 12 January 2018. The Commissioner reported that the F10+ discussed the following items:

- (i) Golden Rules on financial management and accountability principles: Ministers decided to adopt the Golden rules with an option for review by the F10+ Members States as necessary.
- (ii) Oversight mechanisms of F10+ on the AU budget: Adopted one option with a recommendation that the PRC subcommittees should have a joint sitting with the Technical Committee of the F10 before submitting its proposal to the PRC who would then submit to the Committee of Ten Finance Ministers for consideration and onward transmission to the Executive Council.
- (iii) The surplus on 0.2 percent levy on imports: Agreed to request the Assembly to recall Decision Assembly/AU/Dec./6035/(XXVII) to amend the Decision to allow the Member States retain any surplus from the import levy after meeting assessed contribution.
- (iv) Peace Fund: That the AU Commission accelerate the implementation of the endorsed governance and management structure to ensure the prudent management of the Peace Fund.

12. In the discussions that ensued after the Commissioners intervention, members of the Sub-Committee commended the progress made on implementation of the Decision on the 0.2 percent levy on imports. However, they noted that there was resistance from some Member States and sought clarity on whether or not enforcement of the Decision could be reviewed if it could not be implemented efficiently. The Sub-Committee also requested clarity on the compatibility of the levy with the rules and regulations of the World Trade Organization (WTO).

13. In response, the Commissioner for Economic Affairs informed that discussions were ongoing on enforcement of the levy. He said that a partial audit might be in order. However, visits to the Member States were still underway to assess implementation of the Decision. He informed the Sub-Committee that as at the time of the Kigali meeting, twenty-one (21) Member States were at various stages of implementing the Decision.

14. The Commissioner for Trade and Industry, on his part, requested that the F10+ should brief the Ministers on Trade and Industry on the levy to enable them to defend Africa's position at the WTO, in case the matter arose at that forum. He also added that the Directors General of Customs should be deeply involved in the process. He informed that during the AU-European Union (EU) Summit, some Member States of the EU had pledged support to African countries on the levy. On the compatibility of the levy with the WTO rules and regulation, he informed that the advice of the Department of Trade and Industry was that it is WTO compatible based on individual country studies.

(b) Update on the Fourth Conference of African Ministers Responsible for Civil Registration and Vital Statistics

15. The Commissioner for Economic Affairs, Prof Victor Harison, informed the meeting about the proceedings of the 4th Conference of African Ministers Responsible for civil registration that took place in Nouakchott, Mauritania, on 7 and 8 December 2017. He informed the Sub-Committee that the meeting of Ministers was preceded by a meeting of the experts from 4 to 6 December 2017. He informed that the 4th Conference came up with Nouakchott declaration and recommended the following:

- (i) The creation of a Specialized Technical Committee devoted to Civil registration and Vital Statistics, in accordance with the existing Rules and regulations;
- (ii) August 10 to be declared Civil Registration and Vital Statistics Day and calls upon African Union member States to observe the day;
- (iii) Member States to include refugees, internally displaced persons and persons at risk of statelessness in civil registration and vital statistics systems and factor them into improvement strategies and scaling-up plans;

16. In the discussions that ensued thereafter, Members of the Sub-committee requested the reason for creation of a standalone STC on CRVS. They also requested for the report of the Ministerial meeting.

17. In response, the Director of Economic Affairs informed that the creation of a standalone STC on CRVS is in line with other Ministerial conferences that were transformed into STCs. He said that having a standalone STC on CRVS will help the continent to discuss statistical issues pertinent to the monitoring and evaluation of the implementation of Africa Agenda 2063 and 2030 Agenda for SDGS.

Updates from the Department of Trade and Industry

(a) Updates on the Establishment of the Continental Free Trade Area (CFTA)

18. A representative of the Department of Trade and Industry informed the Meeting on the progress made on the establishment of the CFTA. He informed the meeting that in regards to institutional arrangements for the CFTA, among others, there has been the establishment of the Continental Task Force, the Negotiating Forum and appointment of a CFTA Champion at the Head of State level. On the technical aspects, he informed that the CFTA Framework Agreement and a protocol on Trade in Services have been agreed, while others protocols on Trade in goods and Dispute Settlement are to finalize by March 2018 when heads of State and government are expected to sign them during an extra ordinary Summit.

19. He then highlighted some challenges that have been faced during the negotiating phase including some divergences in priorities among member states, Institutional, organizational, Capacities; Sensitive issues such as Rules of Origin, Level of liberalization ambition, Services Regulations, and inadequacy of resources, both financial and human

at the member state and continental levels. He concluded by emphasizing the need for Africa to make similar strides in other continental frameworks that will support in making the CFTA commercially viable such as the Action plan for boosting Intra African trade, AIDA, PIDA, and CAADP.

20. In the discussions that ensued the Members of the subcommittee commended the Department for delivering the CFTA as scheduled. They however wanted to know the progress made on the Introduction of the African Passport as well the free movement of people protocol as this would substantially support the CFTA. In addition, they requested for improved coordination with other institutions supporting the CFTA such as the UNECA. The Members also requested for studies to be done at national level to show losses and gains with respect to the CFTA as well as more involvement of the private Sector.

21. The Sub Committee also observed that the dates of the planned signature for the CFTA could be reviewed so as to allow the finalization of all the elements of the CFTA Agreement to be finalized. The members also sought clarification on the progress made in regards the determination of the hosting of the CFTA secretariat as well as on how the CFTA Agreement is going to handle competition issues.

22. In response to the various issues raised by the Subcommittee, the Commissioner for Trade and Industry thanked the AU member states for their dedication to the realization of the CFTA. He also highlighted that the AU protocol on free movement is now undergoing vetting by the AUC Office of legal Counsel. In regards to the issue of coordination with CFTA partners, he informed the meeting that quarterly meetings with UNECA have been schedules to ensure that there is synergy in the implementation of activities. He also informed the subcommittee that the Commission is reaching out to the private sector as evidenced by its collaboration on activities with Afro Champions during the forthcoming 30th ordinary session of the AU Summit of heads of state and government.

23. The Commissioner concluded his response by highlighting that the decision to slate the signature for the CFTA was done by Ministers of Trade and that the remaining elements of the Agreement will be dealt with as build in agenda. He also informed the Subcommittee that a technical note on the CFTA secretariat is being prepared and will be presented to the CFTA Negotiating Forum for discussion, and that the issue of Competition, Investments and Intellectual property rights have been scheduled for Phase II of the CFTA.

(b) Update on the African Union SME/I & MSME Strategy

24. A representative of the Department of Trade and Industry gave a brief background and progress on the development of the AU SME/I and MSME strategy, whose objectives among others is to improve the business environment; prioritize the formalization of startups and informal businesses; SME/Is, MSMEs and entrepreneurs' participation in regional and global value chains, industrial and technological cluster development; and to promote innovative financing.

25. He informed the Sub Committee that a Draft strategy was developed in 2015, followed by the Program Delivery Framework in 2017 and that both have been validated by the stakeholders. He concluded by indicating that the strategy is awaiting adoption by the STC on Trade Industry and Minerals.

26. In the discussions that followed thereafter, the Subcommittee requested for a copy of the Strategy and the Commission undertook to circulate the same.

(c) Update on the African Union Commodities Strategy

27. A representative of the Department updated the Subcommittee on the AU Commodities Strategy. In the update, he informed that a draft strategy was developed and focuses on Commodity Price Volatility and Commodities based Industrialization especially in the agricultural and Mineral commodities sectors. , The sub Committee was also informed that the draft was presented to the STC on Trade Industry and Minerals in 2016, however, the STC was not able to adopt it in its entirety given the cross cutting nature of African commodities. He further informed the meeting that as a way forward, ways are being explored to have it updated and presented to all the relevant STC including those dealing with agriculture and Energy and then finally to the 2019 Summit for Adoption.

28. In the discussions that ensued, the Sub Committee requested the commission to ensure that the strategy adequately and specifically addresses how best Africa can utilize its mineral resources.

(d) Updates on the outcomes of the 11th WTO Ministerial Conference

29. A representative of the Department also briefed the Meeting on the outcomes of the WTO-MC11 took place in Buenos Aires, Argentina, from the 10-13 of December 2017. He informed the meeting that there was no Ministerial Declaration, which meant that there was no consensus on major issues that were discussed at the meeting. Other outcomes were the Establishment of a Working Party on the accession of South Sudan and a Declaration on Women and Trade aimed at improving participation of Women in Trade.

30. He further informed the meeting that this outcome was not favorable for Africa and that going forward, there is need for Africa to re-strategize on how to engage at the WTO as it was clear that the Doha Development Agenda is likely not going to deliver development outcomes that the continent had hoped for. He concluded by indicating that this should give impetus for Africa to conclude and implement a commercially viable CFTA as a way of ensuring that trade works for the continents development.

31. In the discussions that followed after the update, the Subcommittee observed the need to finalize the CFTA as the multilateral trading system is not working to Africa's advantage.

(e) Updates on the Africa Minerals Development Center (AMDC)

32. Under this update, a representative of the department briefed the meeting on the various developments under the AMDC. He informed the meeting that since its

establishment, the Center has been working on the actualization of the African Mining Vision and has so far assisted in the Development of African Mining Governance Framework, GMIS Strategy, the establishment of Communities of Practice/Knowledge Networks such as the AMV Compact with the Private Sector and a CSO Forum. In addition the Center has also assisted member states in Reviewing policy and regulatory frameworks as well as on contract negotiations.

33. He informed the meeting that currently the Center is expected to move from the UNECA where it is currently housed to a Host Member state after a decision has been made by the 30th ordinary Session of the AU Summit and that a report in this regard has been prepared and would be presented to the PRC Meeting.

34. During the discussion on this update, Members of the subcommittee wanted clarifications on the evaluation exercise that was undertaken to countries that had offered to host. In response, the Director of Trade and industry informed the meeting that an evaluation report was first submitted to the PRC who then requested the Commission to undertake another exercise and include a technical analysis of the country's ability to host against a set criteria as well as a scoring Matrix on how each of the countries fared.

Any Others Business

35. Under this agenda item, the following issues were raised and discussed:-

- (i) The need for the Sub Committee to have an annual working calendar.
- (ii) That the two Department sends to the members of the subcommittee background papers and presentations that were used in the updates the Meeting received.

36. The Commissioner of Trade and industry also informed the meeting that the African Union Commission is co-organizing the First Intra African Trade Fair that will take place in Egypt in November 2018 in collaboration with the Afreximbank. He undertook to ensure that the Subcommittee be represented at the Fair.

Closing remarks

37. In his closing remarks the Chairperson of the Subcommittee thanked the members and the Commissioners for their presence. He reiterated the support of the Committee regarding the work of both Departments, and the willingness of the Committee to be involved in programs and activities.

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