



European Union

Statement

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Agenda Item 4 – Economic Development in Africa report 2019

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**Statement by the European Union Delegation to the UN and other international
organisations in Geneva**

Geneva, 30 September 2019

- CHECK AGAINST DELIVERY -

Item 4 – Economic Development in Africa report 2019: Made in Africa – rules of origin for enhanced intra-African trade

Dear Secretary General, Mr Kituyi, Mr. President, Excellencies, distinguished Delegates,

I have the honour to speak on behalf of the European Union and its Member States. We greatly welcome UNCTAD's 2019 Report on Economic Development in Africa, on this occasion focusing on the importance of appropriate rules of origin, as one of the key elements for ensuring that the African Continental Free Trade Area delivers on its objectives. The Report demonstrates, yet again, the ability of UNCTAD to provide coherent analysis, focusing on a piece of a development puzzle in a balanced and comprehensive manner, adding value to the membership in their domestic elaboration of relevant policies and facilitating the overall development strategy of the continent.

As reaffirmed by the Report, trade agreements can represent a fundamental pillar of a country's development strategy. Increased economic growth, improved competitiveness and investment, diversification, political stability and general welfare gains, all stand to gain from a properly implemented trade agreement; especially a trade agreement with such potential as the African Continental Free Trade Area. Moreover, it also unlocks potential benefits for women, small scale cross-border traders, youth and vulnerable groups.

Nevertheless, these benefits do not flow automatically from a trade agreement. Indeed, as the Report meticulously points out, a trade agreement needs to be accompanied by appropriate policies, such as infrastructure and industrial policies, SMEs and informal sector integration, public and private capacity building, social and welfare measure, etc. And it is crucial that gender aspects are taken into account when designing such policies. UNCTAD already does valuable work on this last issue and it might have been useful to reflect it in this Report.

Mr. President,

Rules of Origin, complex in their own right, are an integral part of any preferential trade. Definition of these rules, in complementarity to other key normative of a typical trade deal, has a critical impact on utilisation of preferences negotiated in a trade agreement. Nevertheless, as the report correctly points out, applicability of certain rules depends on various factors, ranging from the characteristics and sophistication of the economic sector considered, administrative and private sector capacity, as well as relative burden they represent in view of potential gains of reduced tariffs.

The concrete example of the EU reform of its Rules of Origin for the unilateral preferential regimes for developing countries implemented as of 2011, demonstrates the impact that properly devised Rules of Origin can have on trade promotion for developing countries. Indeed, last year's mid-term evaluation of the EU's Generalised Scheme of Preferences confirmed an overall increase of utilisation rates and in particular for the LDCs.

Mr. President,

It is highly commendable the manner in which the report identifies key Rules of Origin concepts that need to be considered in their definition, represents the practical implications for different stakeholders on actual case studies and outlines the key principles that need to be embedded in their application. The arguments presented behind each concept, provide highly relevant elements for the member countries in their future negotiations and definition of Rules of Origin.

Additionally, the defined principles go beyond the Rules of Origin universe and are generally applicable and fundamental in all development strategies. While catering for individual specificities, transparency, predictability, convergence and impartial applicability are indispensable in constructing a stable and credible environment, conducive to productive investment and long term development strategies.

In conclusion, Mr. President, let me again reiterate our appreciation of the well balanced and result orientated report.

Thank you.