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**SESSION 2:**

**THE GOVERNMENT AND THE BUSINESS SECTOR IN TRADE POLICYMAKING**

***AFRICAN PRIVATE SECTOR PARTICIPATION  
IN TRADE POLICY FORMULATION AND  
MULTILATERAL TRADE NEGOTIATIONS***

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# AFRICAN PRIVATE SECTOR PARTICIPATION IN TRADE POLICY FORMULATION AND MULTILATERAL TRADE NEGOTIATIONS

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## 1. Introduction

➤ *The meeting of African private sector executives and major operators, which was held in Tunis on 27<sup>th</sup> October 2010 as a special session of the African Economic Conference 2010 in Tunis:*

- a) Recognized that there was very limited private sector participation and engagement in trade issues in Africa, particularly in trade policy making and trade negotiation;
- b) Established A consultative group [the “Working Group” or “WG”] comprising of African Export-Import Bank (AFREXIMBANK), Ecobank Transnational Incorporated (“ETI” or “ECOBANK”), International Trade Centre (ITC), and the Investment Climate Facility (ICF); and
- c) Mandated the WG to propose a framework for African private sector involvement in trade policy matters, including multilateral trade negotiations.



*It was suggested and agreed that the Working Group should serve as a platform for engaging the African private sector to:*

- a) Actively participate in multilateral trade negotiations to ensure that positions taken by Governments in those fora are business-friendly;
- b) Actively contribute to government trade policy formulation; and
- c) Help stimulate the process of private sector engagement at the national, regional and international levels on issues of trade policy.





## **2. Rationale for African Private Sector Engagement in Multilateral Trade Negotiations and Trade Policy Formulation.**

- ❑ The trade agenda is now firmly connected to domestic regulation, raising challenges for companies operating in domestic markets but also political sensitivities around perceived loss of sovereignty.
- ❑ African businesses are increasingly concerned that agreements currently under negotiation at various levels and in different fora have the potential to substantially alter the playing field domestically, regionally and internationally.
- ❑ In Africa, it is common that governments engage in actual trade negotiations without consulting the African private sector, which is the sector directly impacted by outcomes of such trade negotiations.
- ❑ It is therefore important to build consensus between business and government on the broad African and multilateral trade negotiations agenda and their potential impact on the economy.



- ❑ The private sector, through organized business associations such as the African Business Roundtable (ABR) and the Association of Pan-African Chambers of Commerce and Industry (PACCI), has a critical role to play here, while governments must be both receptive and able to absorb inputs emanating from the business community.
- ❑ There is therefore an urgent need to formalize a mechanism that will facilitate the participation of the African private sector in trade negotiations and trade policy formulation. Such a mechanism should be able to create channels for exchange of information with the executive and legislative arms of African governments.
- ❑ These interactions and inputs are likely to result in national and multilateral trade policy positions whose impacts are reasonably predictable and more likely to achieve their objectives.





### 3. Current Framework for Trade Policy Formulation in Africa and PAFTRAC

#### 3.1 *There is very little private sector participation in trade policy formulation at the national and sub-regional levels across Africa*

Reasons for this include:

- *Poor organization of the private sector for an effective trade policy action.* In some cases where there are some form of organization, there are sometimes lack of technical expertise necessary for formulating a case for the government's consideration.
- *Lack of formal channels for public-private sector dialogues and exchange of ideas on trade policy matters.* This is compounded in many cases by mutual mistrust between the private and government entities.
- *Related to (b) above is the mistrust with which the government views suggestions by private businesses that appear to favor such businesses at the expense of the State in a static sense.* In many cases, cash-strapped governments consider, for example, tariff-reducing proposals made by private entities with suspicion.
- *Small size of the private sector in many countries* making them to lack the critical mass for effective advocacy roles.
- *At the continental level, private sector views have not made major impact on Africa's position on WTO issues because of absence or weak pan-African organized private sector fora* around which to build capacity and channel private sector views to the Ministers of Trade. Furthermore, there is limited or no information about the existence of the Meetings of the Ministers of Trade where pan-African positions on such matters are taken, etcetera.



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### 3.2 Proposed Framework

#### *Pan-African Private Sector Trade Policy Committee" (the "Committee" or "PAFTRAC")*

Suggested Membership will include representatives from:

- the Working Group
- Pan-African Chambers of Commerce
- Business Councils;
- industry associations; and
- Relevant African centers of excellence

*It was proposed and agreed that Afreximbank shall provide the secretariat for PAFTRAC.*



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### 3.3 The role of Pan-African Private Sector Trade Policy Committee

- ❑ To serve as a *platform for synthesizing and harmonizing the disparate , and maybe, divergent views* of the African private sector on trade issues with multi-country consequences and requiring a common African position;
- ❑ To serve as the *vehicle through which the views formed in (a) above will be brought to bear on trade policy* issues being discussed by the African Ministers of Trade at their meetings;
- ❑ To provide up to *date information to African Governments and private sector on status of negotiations on trade issues at the multilateral fora* including new issues that are emerging and positions of key parties;
- ❑ *To assist in mobilizing resources that will enable the acquisition of capacity by the organized private sector in Africa* as regards trade issues. In this regard to work towards facilitating access of these institutions to capacity-building resources from the AfDB and the WTO's *Doha Development Agenda Global Trust Fund (DDAGTF)*;

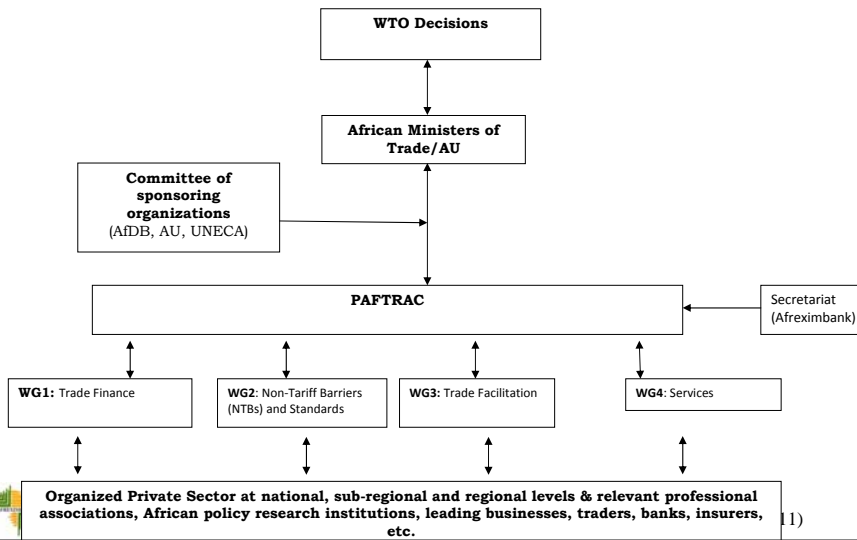


- ❑ To *facilitate research and dissemination of research findings* on possible impacts of given trade issues on African economies.
- ❑ To *facilitate the availability of legal resources* in support of any African issues brought, or to be brought to the Dispute Settlement Body of the WTO.
- ❑ To promote *dialogue on trade matters between Governments and the private sector at country levels.*
- ❑ *PAFTRAC is expected to collaborate closely with the AU, the AfDB the WTO and UNECA in its work and use them in lobbying at high levels.* It is, for example, important that PAFTRAC be represented at the Meetings of the African Ministers of Trade, as observers to enable it participate in debates and put forward its views.

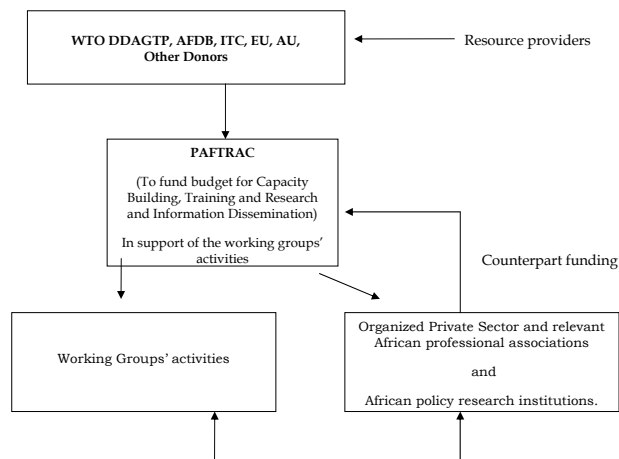




**Figure I: Proposed Organizational Arrangement for Effective African Private Sector Involvement in Multilateral Trade Negotiations**



**Figure 2: Envisaged Resource Flows in Support of the Initiative**





## 4. Conclusions

- ❑ This paper proposes an institutional arrangement for an effective private sector mobilization for participation in trade policy issues with a view to enhancing the role of African Private Sector in trade policy making, and in the negotiation, implementation and monitoring of multilateral trade agreements.
  
- ❑ Afreximbank, as the Secretariat of PAFTRAC, will continue to work with all partners of PAFTRAC and members of the Group to ensure that the goals for which the initiative was established are fully realised.



*Thank You*

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