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African Trade Ministers Meeting

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African Trade Ministers Meeting

UNCTAD support to African countries on the implementation of the African Union Action Plan for Boosting Intra-African Trade

1. The ministerial event, which took place in Doha, Qatar, on 20 April 2012, was chaired by H.E. Ms. Hanna Tetteh, Minister of Trade, Industry and Private Sector Development of Ghana. Opening statements were made by Dr. Supachai Panitchpakdi, Secretary General of UNCTAD; Mr. Abdoulie Janneh, Executive Secretary of the United Nations Economic Commission for Africa; Mr. Cheick Sidi Diarra, Under-Secretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; Ms. Valentine Sendanyoye Rugwabiza, Deputy Director-General of the World Trade Organization; and Ms. Treasure Maphanga, Director of Trade and Industry, on behalf of the Chair of the African Union. Mr. Guillermo Valles, Director of the Division of International Trade in Goods and Services, and Commodities acted as Secretary of the meeting. Presentations were made by Mr. Valles; Ms. Anne Miroux, Director of the Division for Technology and Logistics; Mr. Taffere Tesfachew, Director of the Division for Africa, Least Developed Countries and Special Programme at UNCTAD; and Mr. Nadir Merah, Head of Trade Division, African Union Commission.

2. The purpose of the meeting was to explore how UNCTAD and other parties could support the implementation of the Action Plan for Boosting Intra-African Trade introduced by the African Union. The Plan was agreed by the eighteenth Ordinary Session of the Assembly of the African Union in Addis Ababa, Ethiopia, in January 2012. Its implementation is a key stepping stone for fast tracking the formation of the Continental Free Trade Area in Africa, also endorsed by the African Union Summit.

3. Since its establishment, UNCTAD has worked closely with African countries in finding solutions to persistent and emerging trade and development challenges facing the continent. As a focal point for trade and development within the United Nations System, UNCTAD undertakes policy analysis and promotes cooperation initiatives – at the national, regional, and global levels – towards sustainable growth and development in the developing world. As part of its mandate, significant efforts have been devoted to providing technical assistance and policy advice to Africa. The research and policy work has addressed current and priority issues ranging from, inter alia, the management of commodity markets and high concentration of production and trade, to the role of foreign direct investment, the effectiveness of official development assistance, the debt challenge, trade negotiations at the regional and multilateral level, and the increasing importance of South-South Cooperation.

4. In the discussion that followed, the UNCTAD secretariat said that UNCTAD's continuous engagement with policymakers and stakeholders from the Africa region had helped identify a number trade and development-related challenges, which could hamper the process of intra-African and multilateral integration. The first challenge was the slow progress in structural transformation in Africa and its implications for trade and development. Second, African exports were still heavily concentrated on primary

commodities. A number of participants recognized that more openness should have led to a better diversification of products. Ministers agreed that they should not rest complacent. Third, African exports were still characterized by a strong orientation to traditional Northern markets and relatively low levels of intraregional trade. The general discussions and deliberations during the session agreed that these challenges had impeded the potential role of trade as an engine of growth and development. Thus, they should be addressed in a practical and timely manner to ensure effective cooperation by implementing the Action Plan.

5. Intraregional trade was vital for spurring and sustaining economic growth. In Africa, intraregional trade accounted for only 11 per cent of overall African trade. Increasing trade within the continent would provide benefits but this required supportive measures, including improved trade and transport logistics, and more effective transfer of technology, suited to local conditions. Experience also showed that intraregional trade was less vulnerable to international economic shocks – a matter of some importance, even if Africa had somewhat avoided the harmful effects of the recent global recession. Intraregional trade could also create jobs and encourage the expansion of productive capacity, enabling neighbouring countries to share technology and methods, and upgrade the quality of African products.

6. The general consensus was that regional integration in Africa should not only focus on market access, but on the establishment of a development-oriented integration with due consideration for infrastructure and productive capacity development. Also, for the effective implementation of the Action Plan, it was necessary to set up an institutional architecture that would allow for an effective monitoring system, a dispute-settlement mechanism and the harmonization of domestic regulation.

7. The session identified the areas in which UNCTAD could assist the African Union in implementing the Action Plan. UNCTAD's support would be demand driven and would take a practical and pragmatic approach. The contribution would follow the African Union's own work programme for implementing the Action Plan, and would be coordinated with other partners and stakeholders. Ministers cautioned that regional groupings such as the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the East African Community should not be excluded from future discussions.

8. The areas of UNCTAD support would focus on the clusters identified in the Action Plan, particularly (a) the trade policy cluster, (b) the trade facilitation cluster and (c) the trade productive capacity cluster. UNCTAD promoted an integrated treatment of trade and trade policy by assisting countries in their trade policy frameworks; supporting trade negotiations; conducting expert meetings on services, development and trade; performing services policy reviews; and promoting intra-African regional integration such as in SADC and COMESA. UNCTAD also addressed non-tariff measures, especially through the Transparency in Trade initiative. Specific areas of support could be provided on issues such as the harmonization of the rules of origin, the identification of new and dynamic export sectors and policies in the services sector. Others included the Automated System for Customs Data, or ASYCUDA, which had been implemented in 41 countries. Port services, capacity-building in trade facilitation, the formulation and implementation of transport policy, the design of regional transport policy to boost inter-African trade, investment

policy reviews, and technology and innovative capacity-building, and trade information were also important.

9. Possible new areas for cooperation between UNCTAD, the African Union and its members regarding transport and trade-facilitation issues included the design and implementation of sustainable freight transport policy actions and related communication and logistic policies. UNCTAD's support for the productive capacity cluster could highlight the need for technological learning and upgrading in productive sectors. Yet, strengthening the productive capacity of African economies also called for the mobilization of adequate and effective development finance. More broadly, through the productive capacity cluster, UNCTAD could also provide assistance in the legislation and promotion of investment regimes, regional value chains and technology development policies. The Ministers and the secretariat said that boosting intra-African trade in food products, particularly by improving productive capacity and promoting regional value chains, was essential. There was also a need to enhance the role of the private sector and ensure gender balance in the formulation of trade policy.

10. Other international organizations and regional bodies discussed how they could contribute to the implementation of the Action Plan, particularly in the areas of trade facilitation, institutional capacity, the reduction of transport costs, the harmonization and simplification of customs procedures, and trade finance, including currency convertibility. The rules governing the multilateral trading system were also of vital importance. These rules should guide the implementation of the Action Plan and could help improve trade facilitation. Other inter-agency efforts such as Aid for Trade, and the Enhanced Integrated Framework for the least developed countries as the main platform, were recognized as key mechanisms in support of the implementation of the Action Plan. A fundamental focus area was productive capacity, one of the priority clusters identified in the Action Plan. Aid for Trade had helped refocus aid on building productive capacities but much remained to be done. Fostering regional production chains and identifying impediments to business development were key priority activities that could contribute to the implementation of the Action Plan.

11. The African Ministers said that it was important to promote regional integration and to improve infrastructure and trade facilitation. They thanked UNCTAD for its proposal to assist the African Union in the implementation of the Action Plan. Issues that should be taken into account in UNCTAD's assistance included coordination with African regional economic communities such as COMESA, SADC and the East African Community; conducting scientific studies on agriculture production and competitiveness, training, education, debt forgiveness, gender equality; and making a compilation of lessons learned from other countries and regions.

12. The Chair and Secretary of the meeting reaffirmed the commitment of UNCTAD and other partners to providing practical and concerted support for the implementation of the Action Plan. All partners should work closely with the African Union Commission, the Economic Commission for Africa and other regional bodies. It should promote continuous dialogue and interaction to ensure cooperation in the implementation of the Action Plan. The strong political support and commitment behind the Action Plan provided a golden opportunity for African economic integration, growth and development.