



Ministry of Trade and Industry
Republic of Ghana

PRESS BRIEFING

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Republic of Ghana

THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)
&
GHANA'S SELECTION AS THE HOST COUNTRY FOR THE
AfCFTA SECRETARIAT

WHAT IS THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)?

- ❖ It is a Single Market (Duty-free, Quota-free) covering the entire African Continent with a total population of 1.2 billion and a combined GDP of almost USD 3 trillion. So far 54 countries out of 55 (with the exception of Eritrea) have signed the AfCFTA and 27 countries have ratified the Agreement.
- ❖ AfCFTA is the most significant development in Africa since the establishment of Organization of African Unity (OAU) in 1963. It is considered as the flagship project under the AU Agenda 2063.
- ❖ It is the world's largest Free Trade Area, second only to the World Trade Organisation (WTO) in terms of the number of member states.

STRATEGIC OBJECTIVES & BENEFITS OF THE AfCFTA

The key strategic objectives and benefits to be derived from the AfCFTA include the following:

- ❖ To increase **intra-African trade** through better harmonisation and coordination of trade within the African continent. It is estimated that intra-African trade will increase by as much as \$35 billion per annum or 52% by 2022;
- ❖ To address the challenge of small fragmented markets in Africa by creating a single continental market which will lead to **economies of scale**;
- ❖ To **add value** to Africa's abundant natural resources and promote economic diversification and industrialization;

STRATEGIC OBJECTIVES & BENEFITS OF THE AfCFTA

- ❖ To develop **regional value chains** and facilitate **cross border investments**;
- ❖ To enhance access to an expanded market for **SMEs in Africa** on **preferential trade terms**;
- ❖ To **attract Foreign Direct Investments (FDI)** into Africa with strong regional and local content;
- ❖ To facilitate the **integration of Africa economies into global markets**;

STRATEGIC OBJECTIVES & BENEFITS OF THE AfCFTA

- ❖ To significantly improve the **Terms of Trade for African countries;**
- ❖ To enhance benefits to consumers in Africa **through lower prices** of goods imported from within Africa; and
- ❖ To significantly enhance **employment opportunities** in Africa particularly for the youth.

COMPONENTS OF THE AfCFTA

The four key components of the Agreement are:

1. The **Framework Agreement** incorporating the principles, guidelines and modalities for negotiations.
2. Protocol on **Trade in Goods** with relevant annexes.
3. Protocol on **Trade in Services** with relevant annexes.
4. Protocol on **Working Rules and Procedures** for disputes settlements.

PROTOCOL ON TRADE IN GOODS

- ❖ 90% tariff liberalization has been adopted as the level of ambition for Trade in Goods for both Developing Countries (DCs) and Least Developed Countries (LDCs).
- ❖ The additional 10% of tariff liberalization is composed of 7% for sensitive products and 3% for exclusive products.
- ❖ Developing Countries are required to liberalize tariffs over 10 years; and LDCs over 13 years.

PROTOCOL ON TRADE IN GOODS

- ❖ Special concession has been granted to 6 countries (G-6) to liberalize over 15 years.
- ❖ The G-6 States are Ethiopia, Madagascar, Malawi, Sudan, Zambia and Zimbabwe.
- ❖ The Annexes to the Protocol on Trade in Goods cover Rules of Origin (RoO), Trade Facilitation (TF), Transit Trade (TT), Technical Barriers to Trade (TBT), Sanitary and Phytosanitary Measures (SPM), Non-Tariffs Barriers (NTB), Trade Remedies (TR), Customs Cooperation (CC).

PROTOCOL ON TRADE IN SERVICES

- ❖ The scope of Trade in Services negotiations will cover all service sectors as well as all modes of supply defined under the WTO General Agreement on Trade in Services (GATS) and there shall be no a priori exclusion of any service sector or mode of supply of services in the negotiation.
- ❖ The 5 priority Services Sectors namely Transport, Communication, Financial Services, Tourism and Business Services for the 1st round of negotiations have been adopted.
- ❖ Member States may liberalize more sectors based on the principles of variable geometry and reciprocity.
- ❖ The Annexes to the Protocol on Trade in Services include the Agreement on Single Air Transport in Africa.

ADDITIONAL PROTOCOLS TO BE NEGOTIATED IN PHASE

II

Three (3) additional Protocols will be concluded in the Second Phase of Negotiations:-

- ❖ **Investment** - Provisions for the promotion, facilitation and protection of investment to galvanise the investment needed to restructure Africa's economies.
- ❖ **Competition Policy** - Provisions to enable fair competition and market outcomes to stimulate industrialisation, competition and development.
- ❖ **Intellectual Property Rights** - Provisions to incentivize increased innovation, ensure a level playing field and support trade.

KEY MILESTONES

- AU Summit Decision on the Establishment of the AfCFTA Jan. 2012
- Launching of AfCFTA Negotiation Mar. 2015
- Signing of the AfCFTA Framework Agreement with Protocols and Annexes Mar. 21st 2018
- Coming into force of AfCFTA 30th May 2019
- Launching of Operational Phase of the AfCFTA 7 July 2019

OPERATIONAL PHASE OF THE AfCFTA

Critical elements of the Operational Phase include the following:

- i. Adoption of initial set of Rules Of Origin (88%)** completed

- ii. Launching of key AfCFTA Operational Instruments**
 - Online platform for Tariffs Negotiations completed
 - Africa Trade Observatory (ATO) completed
 - Digital Payment and Settlement Systems (AFREXIM Bank) completed
 - Online mechanism for Non-Tariff Trade Barriers completed
 - Mobile Application for AfCFTA business activities under construction
 - AfCFTA Adjustment Facility to manage the adverse effects of revenue losses (UDS\$1 Billion) completed
 - MANSA Repository Platform to serve as centralized database for customer due diligence under construction

OPERATIONAL PHASE OF THE AfCFTA

iii. Setting up of AfCFTA Secretariat

- Commencement of work by the interim AfCFTA Secretariat July 2019
- Selection and appointment of the Secretary-General and key Secretariat Executives Dec. 2019
- Setting up of Permanent Secretariat to be completed Mar. 2020

iv. Submission of final Schedule of Tariff Concessions and outstanding Rules of Origin

Jan. 2020

v. Start of Trading and Dismantling of Tariffs

July 2020

HARNESSING THE BENEFIT OF AfCFTA

- ❖ The benefits of the AfCFTA will not come automatically. To harness the benefits of AfCFTA by AU Member States, a Programme of Action to Boost Intra-African Trade (BIAT) has been endorsed by AU Heads of State.
- ❖ The BIAT will address Seven (7) priority clusters - **Trade Policy, Trade Facilitation, Productive Capacity (Industrialisation), Trade-related infrastructure (e.g. Transportation and Communication), Trade Finance, Trade Information, and Factor Market Integration.**
- ❖ Each country is required to identify specific areas of comparative advantage and strategic focus for diversification and develop value chains for both goods and services.

WHAT IS GHANA ALREADY DOING TO HARNESS THE BENEFITS?

Enhancing Industrial Productive Capacity –

- ❖ One District One Factory (1D1F) Initiative
- ❖ Strategic Anchor Industries Initiative
- ❖ One Region One Park (Industrial Parks & Special Economic Zones)
- ❖ SME Development
- ❖ Promotion of Standards

Trade Facilitation -

- ❖ Customs Management Reforms including Single Window Platform
- ❖ Implementation of the WTO Trade Facilitation Agreement

Trade-related Infrastructure:-

- ❖ Port Expansion Project,
- ❖ Roads,
- ❖ Airports
- ❖ Railways

WHAT IS GHANA ALREADY DOING TO HARNESS THE BENEFITS?

Access to Finance -

- ❖ Stimulus Package for Local Industries
- ❖ EXIM Bank Financing: Venture Capital Trust Fund, Ghana Infrastructure Investment Fund
- ❖ FINTECH
- ❖ Banking Reforms

Trade Information -

- ❖ The Ghana Commodity Exchange
- ❖ The Electronic Trade Information (GEPA)
- ❖ Trade Fairs & Exhibitions

WHAT IS GHANA ALREADY DOING TO HARNESS THE BENEFITS?

Trade Policy -

- ❖ National Trade Policy (Completed)
- ❖ Trade Sector Support Programme (Completed)
- ❖ National Industrial Policy (Completed)
- ❖ Industrial Sector Support Programme (Completed)

NATIONAL INSTITUTIONAL SUPPORT STRUCTURE FOR AfCFTA

- An **Inter-Ministerial Facilitation Committee** has been constituted by the President to provide strategic direction and coordinate support for the implementation of AfCFTA in Ghana.
- A **National AfCFTA Coordinating Office** is being established at the Ministry of Trade and Industry to act as one-stop shop facilitation and information hub. This will be staffed and operated in collaboration with the Ministry of Foreign Affairs and Regional Integration, and Ministry of Finance.
- **National AfCFTA/BIAT Steering Committee**
- **Technical Working Groups** will be established to coordinate support to the Private Sector under each of the 7 BIAT Clusters.
- **Stakeholder Consultations and Engagements** – sensitization workshops and seminars which have already been initiated to provide information on the AfCFTA will be aggressively pursued on the AfCFTA implementation.

GHANA'S CONTRIBUTION TO THE DEVELOPMENT OF THE AfCFTA

- ❖ The initial decision to establish a Continental Free Trade Area, was taken at a Trade Ministerial Meeting held in Ghana and chaired by Ghana, in September 2011.
- ❖ At the 18th Annual Summit of the Heads of State and Government of the African Union held in January 2012, where the decision to establish the AfCFTA was officially endorsed, it was the President of Ghana who formally tabled the motion for the establishment of the AfCFTA.

GHANA'S CONTRIBUTION TO THE DEVELOPMENT OF THE AfCFTA

- ❖ Ghana played a central role in the actual negotiations of the AfCFTA between 2015 and 2018 by making substantive contributions to the debates at the AfCFTA Negotiation Forum.
- ❖ Ghana was one of the first countries to sign the AfCFTA agreement and also the first to ratify same under the leadership of **His Excellency the President, Nana Addo Dankwa Akufo-Addo.**
- ❖ Ghana was the first country to offer to host the AfCFTA Secretariat, after the formal signing of the Agreement at the AU Summit in Kigali in March 2018.

CONCLUSION

- There could not have been a better time than now for Ghana to be hosting the Secretariat of AfCFTA.
- In spite of Ghana's pioneering role in the struggle for independence in Africa and subsequent contributions to the integration of the African continent, Ghana has not had the honour and privilege of hosting any AU Organ.
- Although it has been long in coming, it has come at a time when Africa is rising and Ghana is rising.
- Ghana can and should leverage the opportunity of hosting the AfCFTA Secretariat to become the new commercial capital of Africa, a regional trade hub and economic epic-center and the new gateway to the continent.

CONCLUSION

- The hosting of the Secretariat will promote Ghana as an attractive investment destination and actively promote Foreign Direct Investments.
- It will attract major international financial institutions and become the preferred location for siting the Corporate Headquarters of international companies doing business in Africa.
- It will provide opportunities to recruit Ghanaian professionals and administrative staff to work in the Secretariat.

CONCLUSION

- The AfCFTA will enhance Government's current Industrial Development Agenda and contribute to the diversification of the Ghanaian economy.
- The AfCFTA will open up new market access opportunities under preferential terms for Ghanaian producers particularly SMEs.
- Ghana will have the opportunity of hosting various Regional and Continental meetings and other events associated with the AfCFTA.
- Ghana will also enjoy many other collateral benefits which would enhance income levels of many Ghanaians.

CONCLUSION

- **Hosting of the AfCFTA is without doubt a major step in Ghana's march towards economic prosperity.**

THANK

YOU