



Training Workshop

## POSITIONING OF COMESA'S PRIVATE SECTOR TO TAKE ADVANTAGE OF AfCFTA



30<sup>TH</sup> MARCH 2021  
14h30 - 17h00 CAT | 15h30 - 18h00 EAT  
16h30 - 19h00 MUT



## FINAL REPORT

**THE CBC E-TRAINING WORKSHOP: POSITIONING OF COMESA'S  
PRIVATE SECTOR TO TAKE ADVANTAGE OF THE AfCFTA.**

**HELD**

**30<sup>TH</sup> MARCH 2021**

## **1.0 Background**

The virtual African Continental Free Trade Area (AfCFTA) stakeholders' training workshop was held on 30<sup>th</sup> March 2021 from 14.30 hrs to 17.30 hrs ,CAT. It was organised by COMESA Business Council (CBC) in collaboration with United Nations Economic Commission for Africa (UNECA) and African Organization for Standardization (ARSO). It was attended by members of CBC, business associations, individual manufacturers, development partners, export promotion councils, investment promotion agencies, regional/international cooperating partners specialised in the ACFTA Agenda, CBC, UNECA and ARSO. The objective of the workshop was to train stakeholders on the Protocols on Trade in Goods under the ACFTA Agreement with their specific annexes and how they are applicable to the movement of goods in the region. The theme of the workshop was "Translating the ACFTA Agreement for Business".

## **2.0 Opening session of the workshop**

### **2.1 Remarks by Chief Executive Officer, COMESA Business Council**

Ms. Sandra Uwera, Chief Executive Officer, COMESA Business Council (CBC) gave introductory remarks during the opening session of the workshop. In her introductory remarks, she explained that African Continental Free Trade Area has the potential to increase employment opportunities and incomes, helping to expand opportunities for all Africans. The AfCFTA is expected to lift around 68 million people out of moderate poverty and make African countries more competitive. She further elaborated that the AfCFTA will be a game changer for stimulating intra-African trade and trading of manufactured products. She further explained the relationship between intra-Africa trade and industrialisation and the factors that contribute to industrialisation. She further recommended that to fully benefit from the AfCFTA the private sector and businesses must make some adaptations which include;

- i. Investing in Value Addition – in sectors like agriculture, minerals (to avoid exports of raw products)
- ii. Establishing Value Chains using Innovation and technology - To produce and export high-quality products which will be competitive in the global market. In the modern commercial world, it is only innovative and competitive businesses which will succeed in the marketplace.  
Business captains to put serious thoughts and efforts into product innovation and diversification.
- iii. Finding the best source of raw materials – manufacturers should work on sourcing raw materials from competitive markets preferably regional markets. Due to COVID-19, movement of goods and services have been significantly affected which calls for businesses to find alternative source markets.

### **2.1 Official Statement by Chairman of COMESA Business Council**

Mr. Marday Venkatasamy , the Chairman of CBC gave his remarks on behalf of Council. In his remarks, he highlighted the following:

- (a) Welcomed participants to the workshop and thanked Common Market for Eastern and Southern Africa (COMESA) Secretariat for continued collaboration and jointly advancing regional agenda in COMESA region.
- (b) Thanked UNECA and ARSO for agreeing to partner with CBC in hosting the workshop.
- (c) Reminded the participants that the aim of AfCFTA is to connect 1.3 billion people across 55 countries in Africa with a combined gross domestic product (GDP) valued at US\$3.4 trillion.

- (d) Pointed out that AfCFTA will increase the volume of intra-African trade by 81 % by 2035 and increase the volume of total African exports by 29 %.
- (e) Further pointed out that the biggest gains from the AfCFTA will be the reduction of non-tariff barriers (NTBs) and implementation of trade facilitation initiatives, which is anticipated to increase intra-African trade.
- (f) CBC will assist in creating a conducive environment for the private sector to grow, since it is the major engine for sustainable economic growth and development, job creation and poverty alleviation in Africa.
- (g) In conclusion, the chairman observed that the workshop will provide necessary and timely training for stakeholders in COMESA especially members of CBC on AfCFTA, with respect to the Protocol on Trade in Goods. He also observed that the training will enhance engagement of private sector players in the process of implementing the agreement and provide opportunity for stakeholders to propose appropriate recommendations on how to improve the implementation of the Agreement.

## **2.2 Official Opening Statement by the Assistant Secretary – General, Programmes , COMESA Secretariat**

Amb. Dr. Kipyego Cheluget, Assistant Secretary-General, Programmes, COMESA Secretariat gave his official opening remarks on behalf of COMESA Secretariat. In his statement, he highlighted the following:

- (a) Welcomed participants to the workshop and thanked COMESA Business Council for inviting COMESA secretariat to the workshop and for the closer working relationship in driving regional agenda in COMESA.
- (b) Recognised the presence of representatives of UNECA and ARSO and indicated that they have been working together with these organisations especially ARSO, which facilitates the development or harmonisation of COMESA regional standards.
- (c) Explained the role of COMESA in the formation of AfCFTA and in uniting the continent as a whole and further explained the history of AfCFTA and institutions which were involved in its formation.
- (d) Pointed out that the launching of AfCFTA on 1<sup>st</sup> January 2021 presents numerous opportunities for the COMESA business community in African continent, especially with regards to market size.
- (e) Stressed the overarching vision of the AfCFTA of “create a single liberalized market for goods and services, facilitated by movement of persons” to deepen the economic integration of the African continent”
- (f) Reminded the stakeholders especially the producers that AfCFTA is a good opportunity for industries to exploit the economies of scale and access cheaper raw materials from other countries in the continent. He further said that it was time to think about developing and promoting continental value chains including promoting African local content, time to think about how to start addressing NTBs and trade facilitation measures at continental level and an opportunity to connect Africa by infrastructure such as roads and railways . He urged the Private sector to continue with dialogue and working together with Public sector to exploit these opportunities.
- (g) Further reminded the participants to relook at the gaps, which need to be addressed to keep the momentum of continental integration and development on, especially on the supply side constraints. According to policy makers, this has been one of the main concerns, which needs to be addressed to keep the on-going progress of integration process moving smoothly at continental level.
- (h) In conclusion, he wished participants fruitful training and declared the AfCFTA stakeholders’ training workshop officially open.

### **3.0 Presentations for the AfCFTA Training Workshop**

The meeting sessions and discussions were moderated by Mr. Dickson Poloji, Business Policy Programs Manager, COMESA Business Council. In his remarks he gave a brief overview of the CBC. He further articulated the relevance of understanding the ACFTA in the context of manufacturing, trading and other business opportunities presented for industry. He further invited the audience to candidly engage with the experts from UNECA and ARSO , as this platform would assist in informing decisions on how to benefit from the operationalisation of the ACFTA.

#### **3.1 Presentation on the Protocol on Trade in Goods**

Ms. Luladay Mengistie from UNECA made a presentation on the Protocol on Trade in Goods. She highlighted the following:

##### Protocol on Trade in Goods

- (a) The rationale for the AfCFTA including, Africa's growing economy (Africa has 6 out of 10 fastest growing economies with market size of 1.3 Billion people and had GDP of USD 1.3 trillion in 2020) and the The need and drive for African industrialisation and coherent African trade policy..
- (b) Status of ratification of AfCFTA Agreement and outstanding issues on the Agreement.
- (c) Key components of the AfCFTA including the Protocol on Trade in Goods
- (d) The issues for negotiations in Phase II which include investment, competition policy and e-commerce.
- (e) The expected impact of AfCFTA on the African economies.
- (f) Observed that the State parties have not yet started using the AfCFTA because of the pending issues whose negotiations has not yet been concluded. The target is to conclude these issues by June 2021.

##### Schedule for Elimination of Tariff

State Parties have agreed on the following:

- (a) To liberalize at least 90% of tariff lines, representing not less than 90% of value of imports and to be done within 5 years for developing countries and 10 years for Least Developed Countries (LDC);
- (b) Longer timelines (10 years for non LDCs and 13 for LDCs) are envisaged for the 7% of products listed as sensitive;
- (c) The exclusion list will account for no more than 3%;
- (d) State Parties are expected to liberalize in accordance with the agreed modalities by December 2021 and this entails submission of schedules of tariff concessions in accordance with Annex 1 of the Protocol;
- (e) The submitted schedules of tariff concessions are still being reviewed and are not available for the general public.

##### AfCFTA Rules of Origin

- (a) In order for goods to benefit from preferential treatment provided for under the AfCFTA, they have to originate from a country that is a State party to the AfCFTA.
- (b) The Rules of Origin considers a product as originating from a State party country if the product is wholly obtained in that State Party and has undergone substantial transformation in that State Party.
- (c) Cumulation principle is recognized under the AfCFTA, giving producers the opportunity to expand sourcing options of foreign inputs whilst retaining the originating status. Cumulated

inputs acquire originating status if operations undergone meet a minimum level of value addition.

### **3.2 Presentation on development of productive capacity**

Ms. Judith Ameso from UNECA made presentation on development and promotion of regional and continental value chains in Africa and unlocking of production capacity of industries in State Parties to meet continental demand.

She highlighted the following:

#### Development and promotion of continental value chain

- (a) National and regional strategies are tools for implementing the AfCFTA by countries and regions. About 41 countries/regional economic blocs are at different stages of developing AfCFTA strategies.
- (b) AfCFTA National Strategy is expected to complement a broader development framework, especially in relation to the trade and industrial policy environment of each State Party to the Agreement
- (c) Implementation of AfCFTA provides opportunities for private sector to influence the strategies and contribute solutions/interventions on a myriad of issues, including regional value chains and productive capacities.
- (d) Regional value chains offer opportunities for countries to climb up the value chain by using the region to boost their competitiveness and producing and exporting higher value added products.
- (e) Well-established regional value chains offer opportunity for countries in the region to link gainfully into continental value chains and also regional/continental value chain increase countries' bargaining power with the external/lead firms.
- (f) Trade and supply disruptions brought by COVID-19 pandemic have caused a positive shift from global to regional and local supply chains.
- (g) Focus on filling the gap in production and trade especially for strategic sectors that contribute the region/continent's export earnings and Sectors with significant unexploited production and trade potential.
- (h) Create an enabling environment for profitable and secure private investment in coordinated regional sectoral input and region value chains.
- (i) Design and implement policies, legal and institutional frameworks to promote private investment in regional value chains e.g. investment codes, land policies, fiscal policies, etc.

#### Development Productive Capacity

- (a) Africa accounts for a very low share of global Manufacturing value addition (MVA), (% of GDP) ranged between 9% and 11% over the period from 2010 to 2018.
- (b) Manufacturing plays a limited role in African economies largely due to very low level of productive capacity. The capacity utilization of countries such as Ethiopia, Kenya, Rwanda, Tanzania, South Africa and Nigeria was provided to illustrate the situation.
- (c) Productive capacities can be enhanced by availing/reducing the cost of inputs and improving infrastructure.
- (d) In conclusion, it was said that implementation of the AfCFTA through national and regional strategies presents entry points for regional value chain and interventions to address issues related to productive capacities, both in manufacturing and other sectors.



### **3.3 Presentation on Market Access Regulatory Requirements – TBT**

Mr. Reuben Gisore from ARSO made presentation on TBT requirements under the Protocol and how to implement AfCFTA commitments under the TBT.

He highlighted the following:

- (a) Provided the background on AfCFTA
- (b) Pointed out Annex 6 on TBT and its objectives including areas of cooperation on standardisation.
- (c) Explained trade barriers due to technical regulations and approaches to be used in eliminating them. The interventions in eliminating trade barriers included harmonisation of standards and technical regulations, mutual recognition agreement/arrangement and recognition of equivalence in technical regulations. It was noted that the main cause of technical barriers to trade are technical regulations.
- (d) Further explained the relationship between COMESA and ARSO on the development of product standards. ARSO undertake standards development activities on behalf of COMESA according to COMESA Treaty.
- (e) Provided details on ARSO process. He informed participants that ARSO has harmonised 1, 469 Standards and AfCFTA has 4547 tariff lines, which represent 13.6% of product coverage. He further informed the participants that 86.4% of the products are yet to be covered by harmonised standards. This calls for more products standards to be harmonised.

### **4.0 Discussion/Plenary session**

The workshop deliberated on the following issues through the questions and answers session:

#### **4.1 Protocol on Trade in Goods**

- a) Question 1: On cumulative principle under the Rules of Origin, is there a proportion which is acceptable as with regards foreign inputs into a particular product?

*Answer 1: There is no specific agreed proportion, but it depends on the specific product. It has to meet substantial transformation criteria. State of Parties are still negotiating on Rules of Origin.*

- b) Question 2: In Africa, there are many regional trading blocs like COMESA, ECOWAS, EAC etc and they are facing numerous challenges. How is AfCFTA going to build on these blocs?

Question 3: How is AfCFTA going to merge the regional trading blocs together like ECOWAS, COMESA, EAC, etc ?

*Answer 2&3: AfCFTA first recognises all Regional Economic Communities (RECs) in African continental, secondly it has adopted building block approach to continental integration process and thirdly it is leveraging on the gains made under these RECs. However, in case of contradiction between AfCFTA Agreement and the RECs Agreement, the AfCFTA Agreement will prevail.*

- c) Question 4: what is the likelihood that countries are going to adopt harmonised standards or Tariffs?

*Answer 4: It is important to note that AfCFTA had embarked on the process of harmonisation of product standards and elimination of tariffs and it is still ongoing. It was pointed out that it is vital to wait for the conclusion of negotiation process by member states.*

- d) Question 5: There is need for more explanation on the applicability of the AfCFTA Rules of Origin in countries like Ethiopia. What will happen to COMESA certificate of Origin issued by Chamber of Commerce in Ethiopia , under AfCFTA regime?

*Answer 5: The COMESA certificate of Origin will be allowed under AfCFTA regime as long as it is also recognised by COMESA .*

- e) Question 6: How can we encourage innovation for African products and also encourage African people to buy African products?

*Answer 6: AfCFTA Agreement intend to encourage innovation. This is clearly demonstrated by the proposed negotiation on the Protocol on Intellectual Property Rights. This will assist in protecting innovation for our African products. It important for African countries to promote their own products by encouraging their nationals to buy goods made in Africa.*

- f) Question 7: You mentioned that 90% of tariff lines will be liberalised in 5 years, 7% of the products are sensitive and 3% are on list of exclusion. Are the 7% sensitive products already identified?

*Answer 7: These 7% sensitive products will be known when the schedule on elimination of tariff has been concluded and published.*

#### **4.2 Productive capacity**

- g) Question 8: What is the role of Chambers of Commerce in designing and implementing AfCFTA strategies?

*Answer 8: The Business Associations like Chambers of Commerce can participate in designing and implementing AfCFTA strategies through their country consultations (n AfCFTA negotiations and AfCFTA national/regional strategies), being part of country delegation, sensitising private sector on the AfCFTA Agreement, and participating in the AfCFTA national committees.*

#### **4.3 Technical Barriers to Trade**

- h) Question 9: On the ISO document entitled “made in Africa” – I observed that there is conflict between this document and the AfCFTA Agreement, on the Rules of Origin. This is a contradiction.

*Answer 9 : “Made in Africa” is document that refers to goods/services made in Africa and also traded in Africa. It has a criterion under which goods and services qualify as made in Africa and are eligible for preferential treatment. The contradiction on the rules of origin observed by Egypt is welcomed, it should be brought to the attention of AfCFTA Secretariat. The observation on the rules of origin is timely because the ISO document entitled “made in Africa” is currently under public review and comments are being received and discussed. Egypt is being encouraged to forward their observations to AfCFTA Secretariat.*

- i) Question 10: Is there another study showing the cost of fulfilling the requirements for the criteria on certificate in comparison with the current standardisation criteria?

*Answer 10: The cost has not yet been established. However, any cost to be established will be affordable.*

- j) Question 11: Are the published product standards at ARSO level being implemented at national level?

*Answer 11: The implementation aspect of the harmonised/developed ARSO product standards is the decision of individual countries. The desire of ARSO is for all product*

standards that have been harmonised or developed by ARSO to be implemented at national level to facilitate intra-African trade. ARSO is advising African countries to register as members of ARSO and to adopt African standards which have wider coverages. ARSO confirmed that one can request for development/harmonisation of product standards either directly or through their National Bureau of Standards.

## **5.0 Recommendations**

The workshop agreed on the following:

### **5.1 Protocol on Trade in Goods**

- (a) Conclusion of the discussions on the Schedule on the elimination of tariff should be fast tracked and schedule be made available to the Stakeholders for use.**
- (b) Outstanding issues on the Rules of Origin should be addressed to allow for application of Rules of origin.**
- (c) There is a need for producers to make use of the Rules of Origin principle of cumulation to enhance the chances of originating goods to qualify under Rules of Origin criteria and promote regional and continental value chains.**

### **5.2 Productive capacity**

- (d) State Parties to develop AfCFTA National Strategy with involvement of the private sector to facilitate implementation of AfCFTA Agreement.**
- (e) State Parties should focus on addressing the gaps in production and trade especially for strategic sectors that contribute the region/continent's export earnings and Sectors with significant unexploited production and trade potential.**
- (f) There is need to review policy, legal and institutional frameworks to promote private investment in regional value chains.**

### **5.3 Technical Barriers to Trade**

- (g) There is need to focus on eliminating technical barriers to trade through addressing the issues emanating from technical regulations.**
- (h) There is need to consider developing mutual recognition arrangement/ agreement to facilitate trade at continental level to complement harmonisation process of product standards which take long time to conclude. ARSO to provide technical assistance.**
- (i) There is need to accelerate the process of harmonisation of product standards from the current level of 13.6% of the product coverage (1,469 standards) to higher level ( about 4542 standards) to facilitate trade and also reduce Standards related Non-Tariff Barriers (NTBs) .**
- (j) More State Parties are encouraged to register with ARSO as members to increase countries coverage of ARSO standards/adoption of standards, which will facilitate intra- African Trade.**

## **6.0 Closing Remarks**

In his closing remarks, the Business Policy Programs Manager, Mr. Poloji, thanked Amb. Dr. Kipyego Cheluget, Assistant Secretary-General, Programmes, COMESA Secretariat; Mr. Marday Venkatasamy , Chairman of COMESA Business Council, UNECA, ARSO and all the



participants for their active participation in the workshop. He also thanked members of staff of CBC for organising a successful workshop.

He pointed out to the participants that all questions will be responded to and they can keep on the conversation AfCFTA going. He informed the participants that all presentations and the report of the workshop will be sent.

The moderator ended the workshop at 17.30hrs.

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