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Addis Ababa (hybrid), 20 and 21 March 2023
Item 5 of the provisional agenda*
High-level round-table discussions

Round table 3: harnessing the African Continental Free Trade Area for economic resilience and inclusion

Concept note

I. Background

1. The African Continental Free Trade Area is the African continent's foremost instrument for overcoming its long-term development challenges and responding to multifaceted contemporary socioeconomic challenges, such as the repercussions of the coronavirus disease (COVID-19) pandemic and the conflict between the Russian Federation and Ukraine, which have highlighted the vulnerabilities of African countries in two critical areas, namely access to health-care products and food security.
2. On a continent that remains dependent on imports for up to 90 per cent of its pharmaceutical needs, the export restrictions on key pharmaceutical products that were imposed during the COVID-19 pandemic were a wake-up call for Africa, while sharply curtailed food exports from the Russian Federation and Ukraine following the major upswing in hostilities between those two countries that occurred in February 2022 sent shock waves through African food markets. The repercussions of these two shocks have, moreover, been exacerbated by the impact of a number of natural disasters, the frequency and intensity of which seem to be increasing globally. As a result, many African economies now find themselves in the midst of a perfect storm of three overlapping shocks.
3. While those overlapping shocks have affected Africa as a whole, there has been significant variation in terms of their impact on various segments of society, with women, children and older persons often disproportionately affected.

* E/ECA/CM/55/1/Rev.1.



4. Against the backdrop of sudden and dramatic disruptions to supply chains for essential products and increasingly frequent environmental disasters, African States are now striving to capitalize on the adoption of the Agreement Establishing the African Continental Free Trade Area to build resilience and foster inclusion in their long-term development strategies. The establishment of the Area is leading to the progressive integration of more than 50 small and fragmented markets into a vast single market of more than 1.4 billion people with a total spending power of nearly \$3 trillion per year, and is likely to attract large-scale investment for industrialization, job creation, sustainable development and the development of regional value chains. The renewed commitment of African States to accelerate implementation of the Agreement and to promote commodity-based industrialization, as articulated in the Niamey Declaration, adopted in November 2022 at the African Union Summit on Industrialization and Economic Diversification, is further testament to the ongoing political support for the trade and integration agenda in Africa.

5. To ensure that implementation of the Agreement reduces inequality in African countries, rather than widening it, African countries are, for the first time in the history of international and regional trade arrangements, working towards the development of a stand-alone legal instrument on women, young people and trade.

6. In the light of the pressing environmental challenges posed by climate change, Africa is committed to a green industrialization strategy that builds on its unique mineral endowments, which are critical to electric battery value chain development and to exploiting its renewable energy resources, including solar and hydroelectric power.

II. Objectives of the round table

7. During the round table, panellists will endeavour to formulate a set of clear messages and recommendations on how the Agreement Establishing the African Continental Free Trade Area can be leveraged to foster recovery and transformation in Africa, while also reducing inequality and vulnerability.

III. Issues for discussion

8. The chair of the round table may raise the following key questions, among others, for discussion:

(a) The Agreement Establishing the African Continental Free Trade Area is often described, for good reason, as the African continent's Marshall Plan. It is well known that, in order for Africa to grow, it must overcome a legacy of market fragmentation stemming from the many political and economic barriers that have stifled the continent's developmental potential for too long. What are the ways in which the Agreement can deliver on its promises and what are the risks that we must remain vigilant to?

(b) An uncomfortable lesson learned from the COVID-19 pandemic is that Africa is overly dependent on imported pharmaceutical products. Implementation of the Agreement could accelerate the realization of the continent's ambitions for industrialization, value addition and private sector-led growth. How precisely can implementation of the Agreement help to address the continent's industrialization needs? Which steps must be taken to leverage the full potential of the Agreement to promote industrialization?

(c) The conflict between the Russian Federation and Ukraine has undermined food security in Africa. To what extent can the establishment of the African Continental Free Trade Area contribute to a more food self-

sufficient and secure Africa? How can implementation of the Agreement accelerate the liberalization of intra-African trade in food products?

(d) There are concerns that an initiative such as the establishment of the African Continental Free Trade Area is likely to further entrench societal inequalities within and among countries. How can that risk be mitigated and what is being done to achieve that objective?

(e) Climate change poses an existential challenge to humanity. Africa is committed to pursuing a green industrialization strategy that is underpinned by the Agreement Establishing the African Continental Free Trade Area. At what cost, and at whose cost, will Africa achieve that objective, given that few climate finance promises are kept? How can African countries foster industrialization while minimizing the negative environmental repercussions affecting many developed countries?

(f) It is estimated that currency convertibility in cross-border trade is costing Africa more than \$5 billion annually, thereby diminishing the competitiveness of African products in African markets. Against that backdrop, the digital transformation of Africa presents opportunities for efficient and inclusive trade, and the adoption of the Pan-African Payment and Settlement System could accelerate implementation of the Agreement and significantly boost intra-African commerce. What, therefore, can be done to accelerate the adoption of digital payment systems?

IV. Chair and list of panellists

9. The following individuals have been proposed to be members of the panel:

Chair: Director, Regional Integration and Trade Division, Economic Commission for Africa, Stephen Karingi

Panellists:

- Minister of State in charge of Economic Planning, Rwanda, Claudine Uwera
- Chief Executive Officer, AfricaNenda, Kenya, Robert Ochola
- Chief Operating Officer, AeTrade Group, Rwanda, Treasure Maphanga
- President and Chief Executive Officer, Igire Coffee Company Ltd., Rwanda, Briggette Harrington
- African Union Special Envoy for the African Medicines Agency, Michel Sidibé
- Director, African Union-African Continental Free Trade Area Relations and Trade Policy, African Export-Import Bank, Yusuf Daya