

**STATEMENT BY HON. ALAN KYEREMATEN, MINISTER FOR  
TRADE AND INDUSTRY ON THE FLOOR OF PARLIAMENT ON THE  
AFRICAN CONTINENTAL FREE TRADE AGREEMENT (AfCFTA)  
AND GHANA'S SELECTION AS THE HOST COUNTRY FOR THE  
AfCFTA SECRETARIAT, 11<sup>TH</sup> JULY 2019**

**Right Hon. Speaker**, let me start first by thanking your esteemed self and Hon. Members of this august House for the opportunity to deliver a Statement on the (AfCFTA) and Ghana's selection as the Host Country for the AfCFTA Secretariat.

**Mr. Speaker**, the creation of a single continental market for Africa had long been the dream of the founding fathers of most of the major countries in our continent. The Abuja Declaration of 1991 of the Authority of Heads of States of the Organization of African Unity, envisioned the establishment of an African Economic Community. One of the building blocks for the establishment of this Community was the creation of a Continental Free Trade Area for Africa. The realization of the vision of a single market did not materialize until the AU Summit of Heads of States and Government in January 2012, which formally endorsed the decision to establish an African Continental Free Trade Area. Since that decision was adopted, extensive preparations and negotiations were carried out by Member States, finally culminating in the historic AU Summit decision in Kigali on March 21<sup>st</sup> 2018, to formally conclude the first phase of negotiations for the Continental Free Trade Agreement.

**Mr. Speaker**, I am happy to inform this House that currently, 54 out of 55 countries in Africa have so far signed the AfCFTA, with 27 countries having ratified the Agreement. The requirement for bringing the Agreement into force was for 22 countries to ratify the Agreement. In this regard, on the 30<sup>th</sup> of May

2019, the AfCFTA entered into force one month after 22 countries deposited their Instruments of Ratification with the AU Commission.

**Mr. Speaker**, the AfCFTA is a Single Market (Duty-free Quota-free) trading bloc covering the entire African Continent with a total population of 1.2 billion and a combined Gross Domestic Product (GDP) of almost USD 3 trillion. The AfCFTA is the most significant development in Africa since the establishment of the Organization of African Unity (OAU) in 1963. 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.

**Mr. Speaker**, there are many benefits that Africa will derive from implementing the AfCFTA including the following:

- 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;
- Address the challenge of small fragmented markets in Africa by creating a single continental market which will lead to **economies of scale**;
- **Add value** to Africa's abundant natural resources and promote economic diversification and industrialization;
- Develop **regional value chains** and facilitate **cross border investments in Africa**;
- **Enhance access to an expanded market for SMEs in Africa on preferential trade terms**;
- **Attract Foreign Direct Investments (FDI)** into Africa with strong regional and local content;
- Facilitate the **integration of Africa economies into global markets**;

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

## **COMPONENTS OF THE AfCFTA**

**Mr. Speaker**, the Agreement has four key components namely, the Framework Agreement incorporating the principles, guidelines and modalities for negotiations; Protocol on Trade in Goods with relevant Annexes; Protocol on Trade in Services with relevant Annexes; and Protocol on Working Rules and Procedures for Disputes Settlement. There are three additional equally important Protocols which would be concluded in the Second Phase of the negotiations. These Protocols would focus first on the provisions for the promotion, facilitation and protection of investments to galvanise the investment needed to restructure Africa's economies, second, provisions to enable fair competition and market outcomes to stimulate industrialisation, competition and development, and third, intellectual property rights to incentivize increased innovation and ensure a level playing field for entrepreneurs. These Protocols are important instruments in establishing a free trade regime.

## **OPERATIONAL PHASE OF THE AfCFTA**

**Mr. Speaker**, with the coming into force of the AfCFTA, the operational phase of the Agreement was formally launched on 7<sup>th</sup> July 2019 at the AU Summit in Niamey, Niger. The critical elements of the operational phase include the following:

- i. **Adoption of an agreed set of Rules of Origin;**

**ii. Launching of key AfCFTA Operational Instruments:**

- The Online platform for Tariff Negotiations;
- The Africa Trade Observatory (ATO);
- The Digital Payment and Settlement Systems (AFREXIM Bank);
- The Online mechanism Reporting and Monitoring for Non-Tariff Barriers;
- The Mobile Application for AfCFTA business activities;
- The MANSA Repository Platform to serve as a centralized database for customer due diligence; and
- The US\$1 Billion AfCFTA Adjustment Facility to manage the adverse effects of revenue losses for selected countries.

**Mr. Speaker, other elements of the operational phase are as follows:**

**iii. Setting up of the AfCFTA Secretariat. This involves: -**

- The commencement of work by the interim AfCFTA Secretariat from 10<sup>th</sup> July, 2019;
- The selection and appointment of the Secretary-General and key Secretariat Executives by 31<sup>st</sup> December 2019; and
- The setting up of a Permanent Secretariat in Accra to be completed by 30<sup>th</sup> March 2020.

**iv. Submission of final Schedules of Tariff Concessions and outstanding Rules of Origin by January 2020; and**

**v. Start of Trading and Dismantling of Tariffs from 1<sup>st</sup> July 2020.**

**Mr. Speaker,** 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) was also endorsed by the AU Heads of States at their Annual Summit in Addis Ababa, January 2012.

The BIAT addresses 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 OF AfCFTA?**

**Mr. Speaker,** Ghana has already started implementing a Comprehensive Agenda for Industrial Transformation which is in line with the BIAT Programme of Action, in readiness to take advantage of the AfCFTA. Some of the interventions currently being pursued by Government under the BIAT priority clusters are:

#### **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; and
- Promotion of Standards.

#### **Trade Facilitation -**

- Customs Management Reforms including Single Window Platform; and
- Implementation of the WTO Trade Facilitation Agreement.

**Trade-related Infrastructure: -**

- Tema and Takoradi Port Expansion Project;
- Roads;
- Airports; and
- Railways.

**Access to Finance -**

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

**Trade Information -**

- The Ghana Commodity Exchange;
- The Electronic Trade Information (GEPA); and
- Trade Fairs & Exhibitions.

**Trade Policy -**

- National Trade Policy;
- Trade Sector Support Programme;
- National Industrial Policy;
- Industrial Sector Support Programme;

**NATIONAL INSTITUTIONAL SUPPORT STRUCTURE FOR AfCFTA**

**Mr. Speaker,** the following National Institutional Structures have been set up or will be established to ensure the smooth implementation of the AfCFTA in Ghana:

- An **Inter-Ministerial Facilitation Committee** has been constituted by the President to provide strategic direction and coordinate support for the implementation of the AfCFTA in Ghana;
- A **National AfCFTA Coordinating Office** is being established at the Ministry of Trade and Industry to act as a one-stop shop facilitation center and information hub. This will be staffed and operated in collaboration with the Ministry of Foreign Affairs and Regional Integration, and Ministry of Finance.
- A **National AfCFTA/BIAT Steering Committee** made up of the heads of various Technical Working Groups
- **Technical Working Groups** will be established to coordinate support to the Private Sector under each of the 7 BIAT Clusters.
- An **Independent Monitoring and Evaluation Mechanism** will be established to track performance based on Key Performance Indicators (KPIs).

## **STAKEHOLDER CONSULTATIONS AND ENGAGEMENTS**

Mr. Speaker a series of sensitization workshops and seminars are being organized to provide information on the implementation of the AfCFTA.

The stakeholder groups which are being targeted include Senior Policy Makers, Members of Parliament, the Business Community, Organized Labour, Academia, Civil Society and the Media.

## **GHANA'S CONTRIBUTION TO THE DEVELOPMENT OF THE AfCFTA**

**Mr. Speaker,** Ghana has contributed significantly to the development of the AfCFTA as evidenced by the following:

- The initial decision to establish a Continental Free Trade Area was first 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 then President of Ghana, Prof. John Evans Atta Mills who formally tabled the motion for the establishment of the AfCFTA.
- Ghana played a central role in the actual negotiations of the AfCFTA between 2015 and 2018 and, made 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.

## **HOSTING OF THE AfCFTA SECRETARIAT IN GHANA**

**Mr. Speaker,**

- There could not have been a better time than now for Ghana to be hosting the Secretariat of AfCFTA, particularly at a time when Africa is rising and Ghana is rising.
- 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. The decision for Ghana to host the AfCFTA Secretariat is therefore a historic one.



- Ghana was selected among Six other countries which submitted bids to host the Secretariat namely, **Ethiopia, Kenya, Senegal, Egypt, E-Swatini and Madagascar**. In the final stages Senegal, Ethiopia and Egypt withdrew their bids in favour of Ghana.

## **BENEFITS TO BE DERIVED BY GHANA**

**Mr. Speaker,**

- 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.
- The hosting of the Secretariat will promote Ghana as an attractive investment destination and actively facilitate Foreign Direct Investments into Ghana.
- The AfCFTA Headquarters will attract major international financial institutions to locate in Ghana. Other international companies doing business in Africa are likely to consider Ghana as the preferred location for siting their Corporate Headquarters.
- The hosting of the Secretariat will provide opportunities to recruit many Ghanaian professionals and administrative staff to work in the Secretariat.

**Mr. Speaker,** in addition to the above,

- 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 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.

In conclusion **Mr. Speaker**, the hosting of the AfCFTA Secretariat is going to be a game changer and launching pad for the Ghanaian Private Sector to explore and exploit business opportunities in Africa. It is without doubt an important major step in Ghana's march towards economic prosperity and requires the support of all Ghanaians.

**I thank you Mr. Speaker.**