



República de Moçambique  
Ministério da Indústria e Comércio



United Nations  
Economic Commission for Africa



This project is funded by  
the European Union

Concept Note

**National Validation Meeting and Awareness Workshop**

**on the**

**National African Continental Free Trade Area Strategy**

**of the Republic of Mozambique**

**Organised by**

**The Ministry of Industry and Trade of the Republic of Mozambique**

**In collaboration with**

**The United Nations Economic Commission for Africa**

**with the support of**

**The European Union (EU)**

## Montebelo Indy Village, Maputo

23 and 24 March, 2023

### A. Background

#### *The African Continental Free Trade Area and its benefits*

The Agreement establishing the African Continental Free Trade Area (AfCFTA) is considered a potential game changer for African countries. The Agreement has been signed by 54 member States of the African Union (AU), and ratified by 46 member States as of February 2023.

The successful implementation of the Agreement is expected to significantly enhance intra-African trade and open up market and investment opportunities for African small, and medium sized enterprises (SMEs) and larger businesses as tariffs and non-tariff barriers to trade among African nations are gradually eliminated. Rules of origin when operational will grant African businesses in African markets preferential access compared to other competitors. The AfCFTA aspires towards deepening the integration of the African continent beyond merely a free trade area. Its objectives include: “to create a liberalized market [...] through successive rounds of negotiations,” “lay the ground for the establishment of a Continental Customs Union” and “contribute to the movement of capital and natural persons.” (ECA et al, 2019<sup>1</sup>).

The United Nations Economic Commission for Africa (ECA) estimates that the AfCFTA could have positive effects on Africa’s Global Gross Domestic Product (GDP), output, trade, and welfare driven by increases in intra-African trade of up to 40 per cent in the main economic sectors of agri-foods, services and industry, provided the AfCFTA is implemented by 2045 compared to a baseline scenario of no implementation. However, these gains will not be automatic and rely on two critical elements: that the AfCFTA is implemented across all 55 African Union (AU) state parties, and that the private sector and development partners are fully engaged in its implementation. Additionally, industrialization and economic diversification will have to be accelerated for the expected gains to translate into reality.

To take full advantage of the AfCFTA, countries must bolster its implementation with complementary measures in investment, production, trade facilitation, trade-related infrastructure and import defence (ECA et al., 2019). The AfCFTA can provide incentives for African countries to engage in the broad reforms the continent needs to accelerate economic transformation through industrialization and development of regional value-chains. The AfCFTA, supported by policy and regulatory reforms, a more conducive business environment and improved infrastructure and connectivity, would enable African businesses to exploit economies of scale through larger market access and participation in regional value-chains. This would spur a more effective allocation of resources and attract larger levels of investment with dynamic gains in trade over time.

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<sup>1</sup> See “Assessing Regional Integration in Africa: ARIA IX. Next Steps for the African Continental Free Trade Area.”. UNECA, AU, AfDB, and UNCTAD. 2019. Available at: <https://archive.uneca.org/publications/assessing-regional-integration-africa-aria-ix>.

The successful implementation of AfCFTA, would allow Africa to have a combined consumer and business spending of \$6.7 trillion by 2030 and \$16.12 trillion by 2050, creating unique opportunities for African entrepreneurs and businesses. This implies that the African continent would offer significant market potential for goods and services of participating countries, and opportunities for SMEs, women and youth to trade on the continent including through participation in regional value-chains.

### ***AfCFTA Agreement Negotiation Phases and Supporting Instruments***

The AfCFTA Agreement is being negotiated in three phases:

- Phase I covers the liberalisation of trade in goods and services, and a framework for dispute settlement. The *protocol on trade in goods* seeks the elimination of tariffs on at least 90 per cent of product categories (within 5 years) and includes annexes on tariff concessions, rules of origin, customs cooperation, trade facilitation, non-tariff barriers (NTBs), technical barriers to trade, sanitary and phytosanitary measures, and transit and trade remedies. The protocol on trade in services will be liberalised progressively, giving priority to the following five sectors: business and professional services, transport, tourism, financial services and communication services;
- Phase II covers negotiations related to the *protocols on competition policy, investment and intellectual property rights*; and
- Phase III covers digital trade and Women and Youth in trade.

Negotiations under Phase II have successfully concluded, while under Phase 1, negotiations are ongoing on tariff concessions and rules of origin. The draft Protocols under Phase II were adopted by the African Union Summit of February 2023. The Summit was held under the theme “*Year of the AfCFTA: Acceleration of the African Continental Free Trade Area Implementation*”. Under the AfCFTA Guided Trade Initiative, eight countries from five subregions – Cameroon, Egypt, Ghana, Kenya, Mauritius Rwanda, Tanzania and Tunisia – started trading in goods, as they had met the minimum requirements for trade in goods under the Agreement (UN, 2023<sup>2</sup>). An AfCFTA Guided Trade Initiative for services is due to start in 2023.

Several mechanisms and instruments are in the process of being operationalized to support implementation of the AfCFTA. These include: the AfCFTA Adjustment Fund; the Pan-African Payment and Settlement System (PAPSS); the AfCFTA Private Sector Strategy; the AfCFTA E-tariff book; AfCFTA Regulatory Audits on Trade in Services; the AfCFTA Dispute Settlement Mechanism; the AfCFTA SME Financing Facility; the AfCFTA Trade and Industrial Development Advisory Council; and the Non-Tariff Barriers (NTB’s) Mechanism (UN, 2023).

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<sup>2</sup> See AU Summit 2023: Powering trade through AfCFTA. Africa Renewal, February 2023.

<https://www.un.org/africarenewal/magazine/february-2023/au-summit-2023-powering-trade-through-afcfta>.



## *Mozambique's AfCFTA Strategy*

Mozambique, which is a member of the Southern African Development Community (SADC) has signed and ratified in principle the AfCFTA Agreement (the instrument of ratification is yet to be deposited at the African Union). Additionally, in order to reap the expected economic and social benefits associated with the implementation of the AfCFTA Agreement, the Government of Mozambique has developed a National AfCFTA Strategy.

The Strategy was developed with the technical support of ECA, through its Sub-regional Office for Southern Africa (SRO-SA), and the African Trade Policy Center (ATPC), and financial support of the European Union (EU).

Furthermore, the Government of Mozambique had requested support from ECA to undertake a study to assess the implications of the AfCFTA on the country's economy (henceforth referred to as "Impact Study"). The study indicates that the AfCFTA can be a significant driver for trade, industrialisation and economic diversification for Mozambique, provided the country implements its national AfCFTA strategy. This should be supported by needed reforms and policy actions, such as the implementation of complementary instruments, including the industrial policy and strategy of Mozambique.

A National AfCFTA Stakeholder Workshop was held in Maputo on 7 December 2022 at which the first draft of the National AfCFTA Strategy and Action Plan and the Impact Study were tabled and discussed. The outcome of that workshop informed the revision of both the Strategy and Study report.

Against the foregoing, the Ministry of Industry and Trade (MIC) of the Republic of Mozambique is organising a National AfCFTA Validation workshop, followed by an AfCFTA Awareness workshop on 23 and 24 March 2023. The events are being organized in collaboration with ECA, and funding from the EU.

### **B. Objectives of the Validation and Awareness Workshops**

The objectives of the Validation workshop is to present and discuss the main findings and policy recommendations of the National AfCFTA Strategy and Action Plan, and to elicit feedback and inputs from a broad range of stakeholders in Mozambique with a view to informing its finalisation.

The Awareness Workshop aims to apprise stakeholders of recent developments on AfCFTA negotiations and operationalization processes, including its accompanying Protocols, and their implications for Mozambique and relevant stakeholders, such as businesses (including SMEs), women and youth.

### **C. Format**

The workshops will be held in-person over the two days. The Validation Workshop will consist of a plenary session during which presentations of the main findings and policy recommendations of the National AfCFTA Strategy and Action Plan will be made. This will be followed by break-out sessions to allow for in-depth review of the strategy and plan.

The Awareness Workshop will consist of a presentation of the Draft Impact Study and three substantive sessions analysing the implications of the various AfCFTA Protocols on Mozambique and its private sector including SMEs. The protocols to be discussed include: Protocol on Trade in Goods; Trade in Services; Investment, Intellectual Property Rights; Competition Policy; and the Protocol on Women and Youth in Trade.

### **D. Expected Outcomes**

It is expected that the workshop will lead to:

- ❖ Increased awareness and understanding of stakeholders in Mozambique on the AfCFTA, its architecture and protocols, and state of play;
- ❖ Increased awareness and appreciation of stakeholders in Mozambique, including public and private sectors and civil society on the impact of the AfCFTA on the country's economy, as well as opportunities and challenges of the AfCFTA;
- ❖ Wide dissemination of the main findings and policy recommendations of the Impact Study and National AfCFTA Strategy and Action Plan;
- ❖ Feedback from Mozambican stakeholders on the National AfCFTA Strategy and Action Plan, in the form of comments and inputs to inform its finalisation.

### **E. Expected Outputs**

- ❖ Reports and the two validation workshops
- ❖ Finalized National AfCFTA Strategy and Action Plan; and Impact Study Report;
- ❖ Press releases;

### **F. Participants**

The workshop will gather representatives from both the public and private sectors in Mozambique, civil society and other stakeholders, representatives of development partners and international organizations, including the European Union and United Nations agencies.

### **G. Date and Venue**

The workshop will be held on 23 and 24 March, 2023 at the Montebelo Indy Village in Maputo, Mozambique.

### **H. Contacts**

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