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AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)

NATIONAL AWARENESS WORKSHOP

CONCEPT NOTE

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WESTINN TURTLE BAY RESORT & SPA

BALACLAVA, MAURITIUS

Organised by

*The Ministry of Foreign Affairs, Regional Integration and International Trade of
Mauritius*

In collaboration with

The United Nations Economic Commission for Africa

(African Trade Policy Centre and Sub-regional Office for Southern Africa)

Supported by

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A. Background

The Agreement establishing the African Continental Free Trade Area (AfCFTA) is being hailed as a potential game changer for African countries. 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 fall and as rules of origin become operational to grant African businesses in African markets preferential access compared to other competitors. The United Nations Economic Commission for Africa (ECA) in its *Assessing Regional Integration in Africa* (ARIA) series has pointed out that the AfCFTA is about more than just trade. It is about dispelling the “crisis of implementation” of AU decisions and initiatives and validating the African Union and its Agenda 2063. It is a litmus test of the commitment of African countries to economic integration. The AfCFTA aspires towards deepening the integration of the African continent beyond merely a free trade area. It includes as objectives 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.” (UNECA et al, 2019¹).

To take full advantage of the AfCFTA, countries must buttress its implementation with complementary measures in investment, production, trade facilitation, trade-related infrastructure and import defence (UNECA et al., 2019). The AfCFTA can provide incentives for African countries to engage in the broad reforms that the continent needs in order to accelerate economic transformation through industrialization and the development of regional value-chains. The AfCFTA, if accompanied by policy and regulatory reforms, a more conducive business environment and improved infrastructure and connectivity, will facilitate for African businesses the exploitation of economies of scale backed by larger market access and participation in regional value-chains, spur a more effective allocation of resources and attract larger levels of investment with dynamic gains in trade over time. In fact, under a successfully implemented AfCFTA, it is estimated that Africa will 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 also implies that the African continent can offer significant market potential for Mauritian goods and services and opportunities for Mauritian SMEs to trade on the continent including through participation in regional value-chains.

¹ 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 AfCFTA Agreement is being negotiated in three phases:

- Phase I covering 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 covering negotiations related to the **protocols on competition policy, investment and intellectual property rights**; and
- Phase III covering digital trade and Women and Youth in trade.

In order to reap the expected economic and social benefits associated with the implementation of the AfCFTA Agreement, the Government of Mauritius with support from the United Nations Economic Commission for Africa (African Trade Policy Centre (ATPC) and Sub-regional Office for Southern Africa (ECA-SRO-SA)) and with funding from the European Union, has developed its National AfCFTA Response Strategy. The strategy elaborates a series of measures that need to be in place to ensure that Mauritius becomes ready to exploit the potential gains associated with the AfCFTA. Measures identified include the setting up of a National Implementation Committee to oversee the implementation of the Agreement. Indeed, a prerequisite to reap the expected benefits from the implementation of the AfCFTA agreement is its domestication, that is translating the agreement to a national context. The process of domesticating the AfCFTA agreement starts with building a national consensus with interest groups understanding what is at stake while state parties take actions to align their national strategies and undertake necessary policy reforms to better leverage the opportunities offered by the agreement. Such policy reforms may include the deliberate integration of an “Africa strategy” in development plans.

Mauritius already has in place its National Implementation Committee, which meet on an ad-hoc basis. The Committee comprises of both public and private sector representatives.

Since the coming into force of the Agreement on 01 January 2021, negotiations on outstanding issues including rules of origin (with the exception of textiles and automobiles) have progressed and the number of market access offers submitted has also increased. As at date, 44 tariff offers have been technically verified, 29 offers are in accordance with the agreed modalities and meet the 90% Category A threshold. In October 2021, the AfCFTA Council of Ministers adopted a Ministerial directive, giving force to State Parties with tariff offers to start trading meaningfully.

Mauritius is among seven countries selected to be part of the “AfCFTA Guided Trade Initiative”. It will join Kenya, Tanzania, Tunisia, Cameroon, Egypt, and Ghana in a trial phase to start trading under the AfCFTA framework that will see these States conduct business without being subjected to tariff barriers. The initiative seeks to demonstrate that AfCFTA is functioning and send a political message to countries that are yet to submit their provisional schedules of tariff concessions in accordance with agreed modalities.

The trial phase will see Mauritius access markets on preferential rates when trading with countries which are in a different economic bloc.

As Mauritius prepares to start trading under the AfCFTA and to implement its National AfCFTA Response Strategy, it has become necessary to inform, sensitize and engage the private sector and civil society on the potential opportunities and challenges for Mauritius to become an active trader under the AfCFTA. As UNECA has pointed out, the private sector is ultimately the driver behind the implementation of the AfCFTA Agreement and the translation of its potential benefits into actual gains for African citizens in terms of enhanced entrepreneurship opportunities, creation of jobs, and reduced poverty. The AfCFTA Agreement should also be implemented through an inclusive approach that creates opportunities for women, youth and SMEs to participate in formal economic spheres.

The AfCFTA can provide significant opportunities for SMEs, including women- and youth-led enterprises engaged in cross-border trade, to participate in the development of regional value chains and diversification, more easily meet the standards of continental markets, and supply inputs to larger companies in their regions. However, women and youth face particular constraints in participation in continental supply chains, including access to assets, finance, markets, information, networks, skills, standards, and technology. These gender and youth inequalities lead to reduced output and inefficiencies, limiting the ability of trade to contribute to sustainable economic growth and development. Increased trade may also lead to risks for women and youth such as the widening of the wage gap and occupational segregation. Inclusive implementation of the Agreement with complementary national policies is therefore critical to both ensure the gains are widely distributed and the Agreement reaches its full potential.

Against the foregoing context, the Ministry of Foreign Affairs, Regional Integration and International Trade of Mauritius is organising a two-day workshop, in collaboration with the United Nations Economic Commission for Africa (ECA) on the theme of “Opportunities and Challenges for Mauritius under the AfCFTA” on Day One, followed on Day Two by a dedicated session on Women, Youth and SMEs under the AfCFTA.

B. Objectives of the Workshop

The objectives of the two-day workshop are to inform and sensitise the National Implementation Committee as well as the representatives of both the private and public sector of the opportunities and challenges available for trade under the AfCFTA, especially under the AfCFTA Guided Trade Initiative and on the imperative of promoting inclusive trade that does not leave women and the youth behind.

On the first day, the focus will be on market access for goods and services with an aim to sensitize the private sector of opportunities and challenges under the AfCFTA in terms of exports, cross-border investment, potential of integrating into Regional Value Chains (RVCs), sourcing of raw materials in Africa, trading in Special Economic Zones (SEZ's) and challenges associated with logistics and connectivity.

On the second day, the emphasis will be on highlighting opportunities and challenges for Women, Youth and SMEs to benefit from the AfCFTA and participate in regional value-chains.

C. Format

The workshop will be in-person over two days. It will consist of substantive sessions analysing opportunities and challenges for Mauritius to trade in goods and services under the AfCFTA including challenges associated with logistics and connectivity as well as opportunities and challenges faced by Mauritian women, youth and SMEs to participate under the AfCFTA.

D. Expected Outcomes

It is expected that the workshop will lead to:

- ❖ Increased awareness of Mauritian stakeholders on the AfCFTA, its architecture and protocols and on the state of play of the AfCFTA;
- ❖ Increased sensitisation of Mauritian private stakeholders on the opportunities and challenges available when trading under the AfCFTA;
- ❖ Enhanced awareness of the role of the private sector in facilitating a reaping of the benefits of the AfCFTA for Mauritius;
- ❖ Increased knowledge of opportunities available for women, youth and SMEs in Mauritius to trade under the AfCFTA, provided their constraints are addressed;
- ❖ Strengthened understanding of the public-private relations needed in Mauritius to facilitate a reaping of the benefits of the AfCFTA

E. Expected Outputs

- ❖ A meeting report outlining recommendations to guide the implementation of the AfCFTA with special attention to the needs of Mauritian women, youth and SMEs;

- ❖ Press releases
- ❖ Media articles on the AfCFTA in Mauritius;

F. Participants

The workshop will gather representatives from both the Mauritian public and private sectors. Border agencies such as the customs and authorities dealing with Non- Tariff Barriers will be invited to attend.

G. Date and Venue

The workshop will be held on 9 and 10 November, 2022 at the WestInn Turtle Bay Resort & Spa in Balaclava, Mauritius.

H. Contacts

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