



Protocol of the Africa Club meeting, September 19<sup>th</sup>, 2019 18:30-20:30 Zentrum für Internationale Entwicklung, Sensengasse 3, 1090 Wien

## The African Continental Free Trade Area (AfCFTA)

With input from:

- **Karl Aiginger**, Querdenker Platform Europa, Schumpeter Gesellschaft
- **Jimmy Ebi Patrick**, Counsellor on Economic Affairs at the Nigerian Embassy
- **Youssouf Diakité**, A.D.Y.F.E (African Diaspora Youth Forum Europe)

**Moderation:** Million Berhe (Specht&Partner)

**Protocol:** Adjima TONDJI NIAT; **Editor:** Franz Schmidjell

Past protocols: <http://www.vidc.org/themen/afrika/afrika-club/protokolle/>

### Documents

[Presentation by Prof. Aiginger: Free Trade Area in Africa](#),

[Presentation by Youssouf Diakité: AfCFTA. Background and Summary](#)

### Further links

[https://au.int/sites/default/files/treaties/36437-treaty-consolidated\\_text\\_on\\_cfta\\_-\\_en.pdf](https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf)

<https://assodesire.com/category/au-summit/>

<https://www.pwc.com/ng/en/assets/pdf/afcfta-2019.pdf>

<https://www.pambazuka.org/pan-africanism/african-free-trade-area-launched-niger>

<http://www.cadtm.org/The-African-Continental-Free-Trade-Agreement-Loss-of-Sovereignty-Lack-of>

The Afrika Club is a joint initiative of Radio Afrika TV (RATV), the Association of African Students in Austria (VAS Österreich), the Vienna Institute for International Dialogue and Cooperation (VIDC) and Ambassador Georg Lennkh.



**Franz Schmidjell (VIDC)** welcomes participants, introduces the Africa Club and outlines its purpose: to bring together the different perspectives and views of the African diaspora, public institutions and Austrian civil society, including academia.

He introduces the moderator, **Million Berhe**. She is a lawyer at Specht&Partner and has a professional expertise in the field of international investment arbitration and international trade, business and commercial law.

**Ms. Berhe** introduces the panelists: Youssouf Diakité from ADYFE, the African Diaspora Youth Forum in Europe. Prof. Karl Aiginger, former head of the Austrian Economic Research Institute (WIFO) and at present director of the Schumpeter Society. She points out that she is happy to have also Mr. Jimmy Ebi Patrick from the Nigerian Embassy with us because Nigeria was considered as one of the two countries reluctant to sign the Agreement.

She announces the discussion agenda:

1. Presentation from Youssouf Diakité and his opinion of the subject
2. Inputs by Prof. Karl Aiginger and Jimmy Ebi Patrick and panel discussion
3. Questions from the public and answers from the participants

## 1. Presentation by Youssouf Diakité

[see ppt here: AfCFTA. Background and Summary](#)

General facts: The trade agreement was signed by all AU members except Eritrea and ratified by 22 countries; on July 7, 2019, the operational phase of the agreement was launched in Kigali; Ghana will host the AfCFTA Secretariat (Accra); It will be the largest free trade zone by countries and should boost intra-African trade by 52 % until 2022

### Objectives:

- expand intra-African trade through better harmonization and coordination;
- enhance competitiveness at the industry and enterprise level
- create single continental market for goods and services
- resolve the challenges of overlapping membership in regional organisations

Five instruments to operationalize the agreement - focus on digitalization to implement things faster:

- rules of origins and certificate of origins through digitalization
- online negotiating form
- monitoring and diminution of non-tariff barrier is the biggest challenge to make sure tariffs are the same everywhere in the area
- digital payment systems: development of such systems and information of entrepreneurs
- African Trade Observatory will be responsible for the realization of this process

### Challenges and opportunities:

- Where to find the money? Six million Euro budget expected for next year. But the good news is that the countries are very motivated.
- Opening of markets as benefit for all
- Weak infrastructure as a bottleneck
- Participation: COMESA (Common Market for Eastern and Southern Africa) engaged civil society from the beginning, asking what role they could play (business, diaspora)
- Opinion of people is that it is the dream and let's see how we can make it happen
- NEPAD (New Partnership for Africa's Development) will become the African development agency



**Question to Mr. Patrick:** Nigeria and South Africa are the last countries to have signed the Agreement. What was the background of the reason for that reluctance before, and why join now?

**Mr. Patrick:** First, I would like to note that Nigeria was at the forefront of the decision to negotiate the AfCFTA at its initial stages and not because the idea was not laudable or as a rejection of the trade accord but the Government wanted time to consult with key stakeholders in the country in order to prepare the industrial players in Nigeria for the changes that would be necessitated by the Agreement. After due consultations, Nigeria signed the trade pact.

The problem with the movement goods and services in Africa is originated from the poor level of infrastructures. There is a need to stabilize the barrier and borders between countries in the continent. The AfCFTA would open up the single market and remove some level of impediments. There would be benefits on a smaller and medium scale for markets.

**Question to Prof. Aiginger:** What can we learn from the integration process in Europe? What can we expect on a practical level?

[See presentation here Presentation Prof. Aiginger](#)

**Prof. Aiginger:** European integration took over 60 years and is still going on. It is a long road but worth to go on it. Europe thinks about how they can help. America did the same for Europe. China should be able to do the same, Chinese investment is welcome in Africa.

Overall gains not only in the economic field but also in political governance, like diminution of conflicts. No war in the past 60 years in Europe, since the European Union.

Opposition from groups afraid to lose a certain/special status (military, local monopolists, unskilled workers...). There are not only winners but also losers – they must be assisted, not only by money but training, empowerment or mobility.

Countries with good infrastructure and cooperation with neighbors benefit more, good practice: solar energy network in Sahel; challenges for countries lacking good education, internet access etc.

Europe should offer partnership instead of old fashioned development policy; more investments in physical infrastructure but also in rule of law, education, micro-credits, internet; Europe should stop sheltering money of African dictatorship and should help refugees; Europe can offer technologies, that Africa need to adapt to their needs.



## 2. Panel discussion

**Ms. Berhe** asks the panelists if they have anything to add.

**Mr. Patrick** states that the objectives can't happen overnight, they are to be reached on the long run. Even in 2022 there won't be a comparison to be made to Europe's level. The European Union was developed gradually; today countries are still joining as a matter of fact.

On the long run there will be more positive than negative happening because it is about coming together. On the short run, starting a change is difficult but it is important to see the bigger picture, and learn from our mistakes.

Question to **Mr. Diakit ** and **Prof. Aiginger**:

Where will the resources for harmonization of the countries (customs, sectors...) come from? There is a need of resources for infrastructures for free movement.

**Mr. Diakit **: UNCTAD (United Nations Conference on Trade and Development) is our partner. They support the AfCFTA and invest in African Union (AU). 350 million new jobs need to be created; this is the key to face the challenges.

Concerning infrastructure: NEPAD (New Partnership for Africa's Development), the Development Agency of the AU, became a key actor. Concerning the African Union's issue, it is never clear where the money will come from.

## 3. Questions from the public and answers from the participants

**Questions and comments** (mostly by members of the African diaspora who were the majority in the meeting)

One participant talks about conflict of interests. How to make sure that in such a big market there will be a win-win situation, between sectors/countries well developed and others less developed?

One participant asked about the interference of external parties: How will Africa be able to define its own terms. One participant states that it is a mistake to compare Africa with Europe. Africa has everything to make Africa rich, but how can Africans become rich when they cannot sell their own resources themselves (gold, coffee...), when everything is owned by Europe?



Answers from **Mr. Diakit **: It is a struggle because raw materials need to be “transformed” by Africans. Free movements of people, good and services are essential. The augmentation of the competition between neighboring countries is a good thing because people/countries are pushed to invest themselves to prevent their neighbors from taking their raw materials and transforming it to make money out of it. If your neighbor is doing better than you, you are gonna put your own house in order in order (he addresses the corruption issues matter) and grow yourself.

Answer from **Prof. Aiginger**: One challenge is to get back “flight” money or the illicit capital flows that were transferred out of Africa.

Answer from **Mr. Patrick**: He did not mean that the infrastructures were the only things to be changed. A process has just got started. Africa has unique problems, specific issues. Awareness is raised through this whole process, which opens the countries up, helping them to grow. Concerning the issue of corruption, corruption is everywhere; the question is how to deal with it? The objective is to build a platform, where people can see what happens, to bring transparency. The question is what can we do?

### **Further questions and statements**

Innovation and technology: How are those fields relevant to free trade? Research sectors bring new technologies; how to implement them ourselves?

How to deal with issues of conditionality on diverse levels?

People want to seat at the table equally with the other players. Africa comes from a long way. We have to look at the roots of the problems. What is happening to the continent? How can we solve the problems affecting Africa, so that we can seat at the table with the other continents? If we are going to play, let us play fairly.

We talk a lot about education, infrastructure or funds for implementing the AfCFTA. It needs revenues, therefore the question is, how tax issues can be included in the new agreement. Second, there are a lot of discussions on an international level about binding social, human rights and environmental standards in trade agreements. How the African free trade agreement is responding to this.

A member of the public points out the fact that there is too much talk and not enough action. To make any real progress, people need to be taken accountable for their actions, which is possible with the motion we now have. This way people will think twice about what they do.

Answers from **Mr. Diakit **: With the new colonialism, we need to find new perspectives to do business together. To become independent you need to produce and sell yourself. It is ok to pay taxes to move a good but those need to be reduced and harmonized. The environment issues are taken seriously.



**Answers from Mr. Patrick:** Corruption: African journalists are now doing investigating journalism, which is a good thing, to develop. Africa has to develop its own economic model. Can Europe help them, and how? Yes, for him the European Union is an unsuspected actor.

**Mr. Patrick** adds that criticism is a good thing because it forces people to wake up. Teams have been selected from the bests for the negotiations. The 2<sup>nd</sup> phase will start in 2022.

Answer from **Prof. Aiginger:** He appeals for more cooperation with Africa, not only on the European level but also on the national (e.g. in Austria) and on a personal level. The Austrian Schumpeter Society is interested to collaborate with African researchers, entrepreneurs and startups.

**Franz Schmidjell** thanks everyone for their participation and contribution to the debate: the speakers, **Million Berhe**, and the public. He says that this will not be the last discussion about it. He wonders how to come from free trade to a fair trade Agreement?