

PARLIAMENT OF GHANA LIBRARY

REPORT OF THE JOINT COMMITTEE

ON

**TRADE, INDUSTRY AND TOURISM
& FOREIGN AFFAIRS**

ON THE

**AGREEMENT ESTABLISHING
THE AFRICAN CONTINENTAL
FREE TRADE AREA**

APRIL 2018

REPORT OF THE JOINT COMMITTEE ON TRADE, INDUSTRY AND TOURISM AND FOREIGN AFFAIRS ON THE AGREEMENT ESTABLISHING THE AFRICAN CONTINENTAL FREE TRADE AREA

1.0 INTRODUCTION

The Agreement establishing the African Continental Free Trade Area (AfCTCA) was laid in the House on Thursday, 26th April 2018 pursuant to Articles 75(2)(b) of the 1992 Constitution. The Agreement was subsequently referred to a Joint Committee of Trade, Industry and Tourism, and Foreign Affairs for consideration and report in accordance with Article 103 of the Constitution and Orders 159 and 183 of the Standing Orders of the House. The Leadership of the Committee on Constitutional, Legal and Parliamentary Affairs were present to support the Committee in its deliberations.

The Joint Committee met and considered the Agreement with the Minister for Trade and Industry, Hon. Alan John Kwadwo Kyeremanten, his deputy Hon. Carlos Ahenkorah and officials of the Ministry of Trade and Industry.

2.0 ACKNOWLEDGEMENT

The Joint Committee is grateful to the Hon. Minister of Trade and Industry and his officials' for their invaluable assistance.

3.0 REFERENCE DOCUMENTS

The Committee made reference to the following documents:

- i. The 1992 Constitution
- ii. The Standing Orders of the House
- iii. The Cabinet Memorandum on the Agreement
- iv. The Treaty on the Establishment of the African Continental Free Trade Area (AfCFTA)

4.0 BACKGROUND

It will be recalled that the 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU), which was held in January 2012 in Addis Ababa, Ethiopia under the theme “Boosting Intra-African trade” took two vital decisions aimed at enhancing trade integration in Africa.

The Assembly, through a Decision (Assembly/AU/Dec.394 (XVIII)) and a Declaration (Assembly/AU/Decl.1 (XVIII)) endorsed an Action Plan for Boosting Intra-African Trade and further agreed on a roadmap for the establishment of a Continental Free Trade Area (AfCFTA) to be operationalized by an indicative date of 2017.

In furtherance of the Decision and Declaration in July 2012, the African leaders unanimously endorsed the establishment of the AfCFTA Architecture that includes the High-Level African Trade Committee (HATC), the AfCFTA Negotiating Forum, Trade Observatory, among others to complement their earlier Decisions.

The AfCFTA is “the flagship project of African Union’s Agenda 2063”. The AfCFTA aims to create a comprehensive and mutually beneficial

single continental market for goods and services, with free movement of businesses, persons and investments and expedite the regional and continental integration processes to function better, thereby promoting competition.

The scope of the AfCFTA negotiations covers Trade in Goods, Trade in Services, Investment, Intellectual Property Rights and Competition Policy; and is expected to be conducted in two phases. Phase one covers negotiations on Trade in Goods and Trade in Services with two separate legal instruments for Trade in Goods and Trade in Services to be negotiated on the following areas: Intellectual Property Rights, Investments and Competition Policy. Negotiations in these areas shall be undertaken by dedicated structures.

Member States are expected to enter into phase two negotiations. The adoption of the Agreement by the Assembly of Heads of State and Government shall be undertaken on successive rounds.

The AU Heads of State and Government directed that the Regional Economic Communities (RECs) including COMESA, EAC, SADC and ECOWAS should provide the building blocks for the establishment of the AfCFTA. This declaration was made on 15th June 2015 after the leaders of COMESA, EAC and SADC had the Tripartite Free Trade Area on 10th June, 2015.

5.0 OBJECTIVES OF THE AGREEMENT

The general objectives of the AfCFTA are as follows:

- a. Create a single market for goods and services, facilitated by the free movement of persons in order to deepen the economic integration of the African continent and in accordance with the

Pan African Vision of “ An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063;

- b. Create a liberalised market for goods and services through successive rounds of negotiations;
- c. Contribute to the movement of capital and natural persons and facilitate investment, building on the initiatives and developments in the State Parties and RECs;
- d. Lay the foundation for the establishment of a Continental Customs Union at a later stage;
- e. Promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties;
- f. Enhance the competitiveness of the economies of State Parties within the Continent and the global market;
- g. Promote industrial development through diversification and Regional value chain development, agricultural development and food security; and
- h. Resolve the challenges of multiple overlapping memberships and expedite the regional and continental processes.

The objectives of the AfCFTA are in consonance with Government’s desire to implement an aggressive industrial transformation agenda which is encapsulated in the Co-ordinated Programme of Economic and Social Development Policies (2017-2024) aimed at creating prosperity and equal opportunity for all.

6.0 OBSERVATIONS

6.1 JUSTIFICATION FOR PARLIAMENTARY RACTIFICATION

The Committee observed that Africa is the world's poorest and most undeveloped continent with a continental GDP that accounts for only 2.4% of global GDP, although the continent has approximately 30% of the earth's mineral resources, including over 40% of the proven gold reserves, over 60% of cobalt, and 90% of platinum reserves.

The Committee further observed that Africa's underdevelopment is partly attributed to the low intra-regional trade. Whereas intra-North America, intra- Western Europe, intra- ASEAN trade stands at 48%, 68% and 53% respectively, intra- African trade remains at a lowly 12%.

Many researchers have also argued that African trade as well as internal trade rests heavily on the possibilities of generating large economies of scale from activities associated with expanded trade and overall economic growth in a country.

The path of African integration has been marked by series of major initiatives and political decisions to accelerate it or infuse new momentum and to integrate variables of new imperatives in International Economic Relations. The Abuja treaty stipulates that African States must endeavour to strengthen their Regional Economic Communities (RECs), in particular by co-ordinating, harmonising and progressively integrating their activities in order to bring into fruition the African Economic Community.

6.2 IMPACT ANALYSIS

The Committee noted that the social impact on the country is enormous. The AfCFTA will enhance the private sector capacity to create more meaningful jobs. As the private sector experiences accelerated growth, the Ghanaian workers standard of living will also improve. A positive impact on crime rate is also expected as a result of more engagement of the youth in productive activities. With regard to the effect of the AfCFTA on consumers, it will benefit Ghanaian consumers due to low prices on goods and services although the immediate impact may not be very strong. On possible failure and demise of local enterprises as a result of increased competition by importers from other African countries, it is envisaged that local enterprises will be supported by Government to use this opportunity to enhance their capacity in order to improve their competitiveness.

The Committee further noted that although the implementation of the AfCFTA will lead to some losses of revenue the expected revenue in export will overtime offset the former. It is expected that the AfCFTA would increase trade by an estimated US \$35 billion dollars.

The Committee also took note of the fact that there is a Legal/ Constitutional/Regulatory framework to guide the effective implementation of the Agreement.

6.3 THE SECRETARIAT OF AfCFTA

Ghana has made a formal offer to the African Union to host the Secretariat of the AfCFTA which is receiving very serious consideration by the AU. The Committee noted that the processes leading to the final selection of the host country has already been launched and a formal decision on the matter is scheduled to be taken at the next summit of the Heads of State and Government to be held in July 2018. The Committee believes that an early ratification of the Agreement will enhance the chances of Ghana being selected to host the AfCFTA Secretariat.

6.4 STAKEHOLDER CONSULTATION

The Committee was reliably informed that since 2012 the necessary stakeholder consultations were made and views incorporated into the Agreement. It was indicated that a Stakeholders' Facilitation Committee was established to collate inputs from all relevant stakeholders which formed the basis of Ghana's position. Further, the Minister assured the Committee of extensive collaboration with Ministries, Department and other Agencies and relevant stakeholders during the implementation stage of the Agreement.

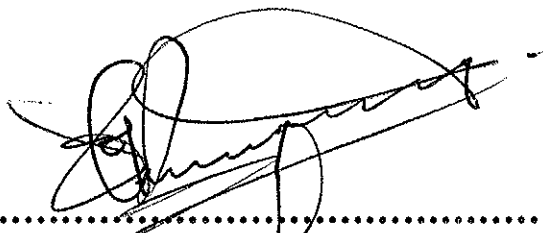
7.0 RECOMMENDATION AND CONCLUSION

The Committee takes note of the immense benefits the country would derive in ratifying the Agreement such as the intra- African Trade Expansion and currency convergence within the African Economic Community as well as regional integration arrangements that will

provide a more conducive environment for industrial diversification and regional complementarities.

The Joint Committee mindful of the benefits to be derived from the African Continental Free Trade Agreement unanimously recommends to the House to approve the Joint Committee's Report and ratify the Agreement establishing the African Continental Free Trade Area in accordance with Article 75(2)(b) of the 1992 Constitution.

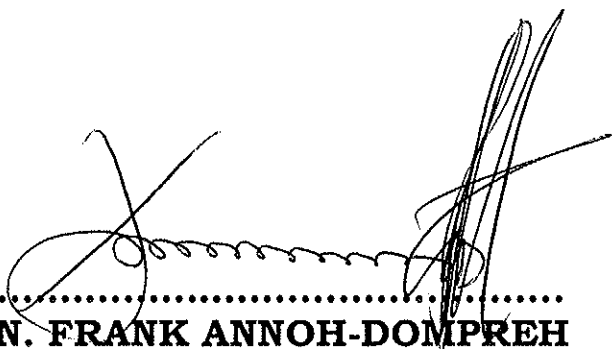
Respectfully Submitted.



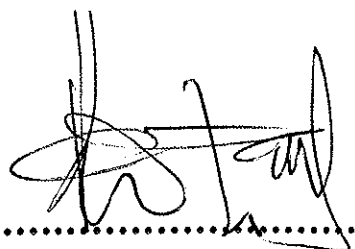
.....
HON. ATO PANFORD
VICE CHAIRMAN OF COMMITTEE
ON TRADE, INDUSTRY AND TOURISM



.....
SAMUEL ADDEI
CLERK



.....
HON. FRANK ANNOH-DOMPREH
CHAIRMAN OF COMMITTEE ON
FOREIGN AFFAIRS



.....
CAMILLO PWAMANG
CLERK