

Briefing on the 9th Meeting of the African Continental Free Area (AfCFTA) Council of Ministers responsible for Trade

25 -26 July 2022

Accra, Ghana



1. INTRODUCTION

The meeting of the Council of Ministers is scheduled for 25-26 July 2022. The Ministers are expected to consider the report of the 11th meeting of the Senior Trade Officials and the Report of the 5th meeting of the Committee of Director General of Customs. The Ministers will also be presented with the report of the AfCFTA Dispute Settlement Body.

Furthermore, the SACU Secretariat will convene a Ministerial meeting on 24 July 2022 at 10h00 at Labadi Beach Hotel in order to consider the SACU tariff offers to the AfCFTA and to receive a briefing on the outcome of the Senior Trade Officials.

The Ministers will also receive status report on phase two issues, negotiations on Investment; Intellectual Property Rights as well as the Competition.

2. Discussions:

2.1 TRADE IN SERVICES

Sixteen member States has submitted their draft Scheduled of Specific Commitments on trade in services to the AfCFTA Secretariat. These schedules has been verified by the Secretariat.

The countries that submitted the Draft Schedules of Specific Commitments are Djibouti, Democratic Republic of Congo, the East African Community, Egypt, Eswatini, Lesotho, Malawi, Mauritius, Namibia, Seychelles, and Zambia.

However, amongst the sixteen, there are two schedules of specific commitments that does not meet the minimum requirements and these are schedules from Kenya and Egypt. One of the requirement or modalities for trade in service negotiations, is that member states should improve on their offers at the WTO. In this regard, Kenya informed the meeting that their offers at the WTO had some errors. On the other hand Egypt informed the meeting that thy were to have

a consultation at the WTO in order to rectify their offer, however negotiations on trade in services at the WTO has stalled since 2005.

Potential intervention points

Namibia may wish to congratulate, state parties that has finalized and submitted verified draft scheduled of specific commitments. Namibia may wish to emphasize the need for a speedy conclusion on trade in services negotiations, given the fact that trade in services contribute immensely to Africa's gross domestic product.

The draft Scheduled of Specific Commitments from Kenya and Egypt may be referred back to the Committee of Senior Trade Officials for further analysis.

2.2 TRADE IN GOODS

Under this items the Ministers will consider the outstanding issues on Rules of Origin such as Tobacco, Sugar, Textiles and clothing and Automotive.

2.2.1 Tobacco

The outstanding heading on Tobacco was agreed upon by the Sub-Committee on rules of origin and the Committee on Trade in Goods. This is one area that was supposed to be harvested during this meeting.

During the Senior Trade Officials meeting Tanzania and Nigeria submitted a different proposal on this item, and as a result, Member States were unable to reach a consensus. Namibia do not produce Tobacco at current and as a result this item is not sensitive to Namibia. Namibia may wish to neutral during the discussion on this item.

2.2.2 Sugar

There are still divergent positions on outstanding heading 17.02 and 1704 on Sugar. Most member states converged on a compromised position by the Secretary General of value on non-originating material of 60% with a mandatory review mechanism.

Namibia also agreed with a compromised position because, particularly heading 1704 is in fact industrial sugar for manufacturing of products such as chocolates and such Africa does not produce this items in sufficient quantities and not at competitive prices.

Tanzania, Zambia and Nigeria were the three countries who introduced a stringent position for wholly obtain on this item during the Senior Officials meeting. Currently, there is a possibility for consensus on this item, if the three countries are to agree on a compromise position.

Potential intervention Points

Namibia may wish to indicate that this item is sensitive to many member states and that negotiations on this outstanding issue on sugar taken too long. Namibia may therefore, implore on all member states to move towards a compromise position of the Secretary General. It is only with a compromise, a give and take that an agreement on this long standing item is likely to be achieved.

2.2.3 Automotive

As per the directive of the January Council of Ministers meeting, the Secretariat developed an automotive package which consist of the Automotive Strategy; Automotive Implementation Plan and proposed Rules of Origin for each of the sub-heading under Automotive Chapter.

The above-mentioned automotive package is aimed to facilitate an agreement on the outstanding issues under automotive. Most member states are proposing a value on non-originating material of 60%, while Namibia is proposing a lower value content VNOM 70%, to

ensure participation of automotive industry by new participants in the industry. The initial observation of the automotive package suggest that a consideration to be made for VNOM65% on a number of heading under this chapter.

The automotive package, however, was submitted during the Senior Officials meeting and as such will be subjected to member states consultation before it is considered the Ministers.

3. REPORT OF THE 5TH MEETING OF THE COMMITTEE OF DIRECTOR GENERAL OF CUSTOMS

The 5th Report of the Director-General of Customs calls amongst others for a need to intensify advocacy on Customs related matters, domestications of the AfCFTA instruments and engagements of stakeholders and business operators. Namibia may support the adoption of this report.

4. OTHER REPORTS

The Ministers will be presented with the status reports of phase II issues in order to note the progress made so far such Investments Policy, Competition Policy and Intellectual Property Rights. Negotiations on phase two issues are still at initial stage.

5. Meeting of the SACU Consultative meeting

The SACU Secretariat is also arranging a Ministerial meeting at Labadi Beach Hotel, which will be held, a Minister plus two in order to craft a way forward with respect to the SACU tariff offer. The option that is currently on the table for SACU to reach the 90% level of ambition is chapter 93 on arms and ammunition held up by Lesotho.