



Minutes from Financing the African Continental Free Trade Area: What can the City of London offer?

Tuesday 23rd October 2018 from 8.30am until 10.00am in the Attlee Room, House of Lords

Attendance list- Chi Onwurah MP (Lab & Shadow Minister at BEIS), Lord Chidgey (LibDem & Co-Chair of APPG for Africa), Baroness Northover (LibDem & Trade Envoy to Angola & Zambia), The Rt. Hon. Lord Mayor- Alderman Charles Bowman, Mark Bostock- CC, Paul Double- City Remembrancer, Nick Westcott- Director at RAS, Jeremy Lefroy MP (Cons & Trade Envoy to Ethiopia), Liz McInnes MP (Lab & Shadow FCO Africa Minister), Richard Burge (CWEIC), Mark Florman (Time Partners, and Chair of the City Corp's Sustainable Development Capital Initiative), AU Trade & Industry Commissioner. H.E. Albert Muchanga, AU Commissioner Advisor- Babajide Sodipo, Emem Rita Usanga- Africa London Tech Advocates & Bnkability, Pauline Latham MP (Cons & Trade Envoy to Kenya), Patrick Grady MP (SNP), Paul Onifide- Chair of Nigerians in the Square Mile, Matt West- Regional Africa Director at De La Rue, Boko Iyundo- RAS Council Member, Manjula Lee (World Wide Generation), Jake Barker (Committee Specialist at Select Committee for International Trade), Andrew Palmer- Head of Glocal Affairs at CDC, Simon Mustard- Head of the Central & Southern Africa Department at the FCO, Sangeetha Navaratnam- Advocacy Adviser at ActionAid, Mike Wood MP (PPS to Minister of State for International Trade), Baroness Uddin (Cross-bench), Sarah Baynton Glen- Standard Chartered Bios for Speakers

The Rt Hon the Lord Mayor of London, Alderman Charles Bowman @CityofLondon

@CityLordMayor gave a short speech reflecting on his recent visit to Nigeria, Kenya and South Africa with the UK Prime Minister where she announced a target to mobilise £4 billion of private investment for African countries, particularly from the City of London over the next four years. General reflections focused largely on how the City Corporation and the financial services sector can support growth across the African Continental Free Trade Area.

The LM explained that his visit's focused on five key objectives:

- 1) strengthen high-level relationships between the City and Africa,
- 2) reassure about the future of the City and wider UK Financial & Professional Services (FPS) sector
- 3) attract new African investments to the City
- 4) promote FinTech innovation links between the City and Africa
- 5) promote the Business of Trust Programme

Key ways in which the CoL can support the AfCFTA project-

- Help create investable infrastructure and improve access to capital- London has large cluster of FPS to assist in large-scale infrastructure projects needed for the AfCFTA and green finance expertise
- Promote financial inclusion - 40 % of adults in Nigeria do not have access to basic banking services and the LM was keen for London expertise in Fintech to be harnessed.



- Developing and enabling a compliance-based business environment to attract more inwards investment.
- The LM also spoke about the City Corporation's Sustainable Development Capital Initiative which aims to make London a leading hub for development finance, supporting countries on the African continent to raise the necessary capital required to help meet the Sustainable Development Goals.
- The LM also mentioned that an Africa Investment Summit will take place in London in 2019 with support from the City of London.

AU's Commissioner for Trade & Industry. H.E. Albert Mudenda Muchanga @_AfricanUnion

updated the group on the latest developments on the African Continental Free Trade Area (AfCFTA), the investment opportunities it offers and how the UK and City of London can sustainably support the project.

Current state of the AfCFTA-

The Assembly of African Union Heads of State and Government adopted on 21st March, 2018, in Kigali, Rwanda, a number of legal instruments which in totality make up the African Continental Free Trade Area Agreement. There are also a number of Annexes and Protocols to cover the Trade in Services and Rules and Procedures on the Settlement of Disputes. Additional protocols on Investment, Competition and Intellectual Property Rights will be negotiated shortly.

49 countries out of 54 have currently signed the agreement (Nigeria being a notable exception) and 12 ratifications, namely Kenya, Ghana, Rwanda, Niger, Eswatini, Chad, Guinea, Mali, South Africa, Cote D'Ivoire, Sierra Leone and Uganda. Need to secure the minimum number of 22 ratifications for it to come into effect and can then begin to build an integrated market. Also encouraging the remaining six countries to sign. Three have indicated that they will sign by December this year.

Preparatory activities include-

- Receipt of offers by member states of Schedules of Tariff Concessions for Trade in Goods and Schedules of Specific Commitments for Trade in Services for consideration by the AU Assembly in January, 2019;
- Implementation and practical application of the tariff liberalization modality on the designation of Sensitive products and Exclusion lists and of the Services modality on choice of priority sectors and next steps in Trade in Services. So far, five sectors, namely: business services, financial services, tourism, transport and communication have been agreed upon as the initial set of priority sectors
- Production of Business Guide to AfCFTA, published in August this year with technical support from the International Trade Centre and production of the AfCFTA Handbook planned for December, 2018;
- Establishment of interim secretariat
- Also engaged in advocacy targeted at key stakeholders such as the African private sector, parliamentarians, the youth and women; among others. Including sensitization meeting with Parliamentarians at the Pan African Parliament in South Africa and the AfCFTA Youth



Forum, in Lusaka, Zambia and Intra-African Trade Fair in Cairo in December which will be held bi-annually.

Possibility of a UK-AfCFTA FTA?

The Commissioner pressed that the AU would like to see the UK open to a trade deal with an integrated AfCFTA and warned against the UK (post-Brexit) establishing bilateral agreements with individual African countries as this could undermine the AfCFTA project. It was also questioned how viable and beneficial the roll-over of existing EU EPAs would be for both the UK and Africa. The Commissioner stated that EPAs and bilateral trade agreements don't assist transformation when between a big economy and small economy- often they cause very serious problems and wipe out internal markets.

What the AfCFTA offers investors and traders-

- Large economies of scale and scope for large and longer term investments.
- Once the AfCFTA Agreement enters into force, it will trigger the Pan African Non-Tariff Barriers Monitoring Mechanism and this will enhance removal of trade barriers and in the process, promote the efficient conduct of business without borders.
- Intend to have regular AfCFTA Business Forums- offering opportunities for business to have regular dialogue with African Heads of State and Government.

The Trade Commissioner pressed that the AfCFTA offers business and growth opportunities for traders and investors. It is a market of 1.27 billion people, projected to rise to 1.7 billion by 2030. The African Middle class is targeted to be 600 million people by 2030 from the current level of 350 million people. According to the AU, the AfCFTA market has an aggregate GDP of US\$ 2.1 trillion to US\$3.4 trillion.

With 90% tariff liberalization, intra African trade is projected to grow 52.3% by 2022 and double if there is also effective removal of non-tariff barriers. With rapid growth of intra-African trade, and the AU also expect Africa's share of global trade to progressively rise.

Other points from the discussion included-

- There was recognition that the African Union had an important role to play in bolstering democracy across Africa
- It was noted that AU would benefit from fostering greater ties with ASEAN (Association of Southeast Asian Nations)
- It was suggested that the UK Government could do more to strengthen finance and business ties with Africa by leveraging the significant presence of African diaspora in the UK
- Issues around Brexit, students, visa refusals undermining business and trade, open skies in Africa programme and free movement of people protocols were also touched upon.