

Nations in new push to boost intra-Africa trade

By [Benjamin Ouma](#)

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The African Continental Free Trade Area's (AfCFTA) potential as a tool for driving industrialisation, economic diversification and development was highlighted at the start of the UN Economic Commission for Africa's (ECA) Conference of Ministers in Addis Ababa.



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The four-day event aims to advance the ambitious initiative to form a continental common market, which the ECA believes could boost intra-Africa trade from the current 16% to 52% by 2022.

Addressing the meeting on Sunday, Vera Songwe, the executive secretary of the ECA, said that realising the promise of the AfCFTA and its development goals requires the continent to take bold actions on many fronts.

Benefit

"Now we must seize the momentum at hand to focus on how to operationalise the agreement in a manner that realises its potential to the benefit of the average African," she told the 51st session of the Conference of Ministers.

She further observed the most important and urgent action is to create the "fiscal space" to foster public and private investment, while ensuring economic diversification with a view to creating jobs.

She also acknowledged concerns that the AfCFTA might cause tariff revenue losses, leading to "holes" in national budgets. The AfCFTA's impact on taxes applied to imported and exported goods, however, would be "small and gradual", she said, adding, "These tariff revenue losses might be outweighed by the additional revenues from growth to be generated by CFTA."

Fiscal

This year's conference follows the signing of the CFTA by 44 countries earlier this year, while of 50 signed either the agreement or the Kigali Declaration underscoring their commitment to the project.



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African governments were also urged to take a broader review of macroeconomic policies, especially fiscal measures, in order to ensure they are 'fit for purpose' to make the most of the AfCFTA. Vera Songwe remarked: "We need to improve our levels of fiscal space. This includes boosting tax revenues, improving the efficiency of public expenditure management, tackling illicit financial flows and making use of private finance for public projects."

On Thursday, 11 May 2018, Kenya and Ghana handed over to the African Union Commission the documents ratifying the continental free trade, becoming the first two countries to do so.

Innovation

In addition to the ministerial proceedings, expert sessions and parallel side events will address the conference theme 'Creating fiscal space for jobs and economic diversification'. These will highlight the importance of accompanying taxation measures to support and fully take advantage of the AfCFTA while also strengthening fiscal sustainability in Africa. Other topics include agriculture's role in economic growth; financing infrastructure; tackling illicit financial flows; and an integrated strategy for the Sahel. There will also be the launch of the 5th African Governance Report; the Global Education Monitoring Report; and the 2018 Assessing Regional Integration Report.

The ECA's annual Adebayo Adedeji Lecture (named in honour of the body's longest-serving executive secretary who passed away in April) will be given by Prof Mary Teuw Niane, Senegal's Minister of Higher Education, Scientific Research and Innovation. It will pay also tribute to Prof Calestous Juma, a renowned supporter of harnessing innovation and technology to advance Africa's development, who died last month.

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