

AFRICAN UNION

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OPENING STATEMENT BY

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**DURING THE OPENING OF THE AFRICAN UNION PRIVATE SECTOR
FORUM**

ADDIS ABABA, ETHIOPIA

22-23 JANUARY, 2008

Your Excellency Ato Tadesse Haile, Minister of State in-charge of Industry of the Federal Democratic Republic of Ethiopia

Co-Chairs of the Forum, Mr. Basil Omiyi, Chairman & Managing Director, Shell Development Africa, and Mr. Emmanuel ABUGU, Executive Director, PHB Bank, Nigeria

Your Excellency Mrs. Elizabeth Tankeu, Commissioner for Trade and Industry

Mr. Georg Kell, Executive Director, United Nations (UN) Global Compact

Ms. Lalla Aiche Ben Barka, Deputy Executive Secretary of the Economic Commission for Africa

Your Excellencies Ambassadors here present,

Representatives of Regional and International Organizations

Members of the private sector

Distinguished Guests, Ladies and Gentlemen,

Please allow me to, first and foremost, express, on behalf of the Chairperson of the African Union Commission, His Excellency Prof. Alpha Oumar Konare, and indeed on my own behalf, sincere gratitude to His Excellency Ato Tedasse Haile, Minister of State in-charge of Industry of the Federal Democratic Republic of Ethiopia, for having accepted to grace the official opening of this African Union Private Sector Forum.

Permit me also to thank and congratulate Mr. George Kell, Executive Director of the UN Global Compact and the entire UN Global Compact Team for co-organizing the Forum with the African Union Commission; Mr. Basil Omiyi, Chairman & Managing Director, Shell Development, Africa; and Mr. Francis Atuche, Chief Executive Officer, Bank BHP, Nigeria, for agreeing to co-chair the event; different private sector organizations for providing sponsorship for the Forum; all delegates here present, representing private sector organizations, ranging from small and medium-scale enterprises (SMEs) to multinational firms, as well as all those representing the public sector, civil society, the media fraternity and other organizations.

Last but not least, I wish to commend and congratulate staff of the African Union Commission and the UN Global Compact who worked tirelessly and with great dedication in making preparations for the Forum. I salute them all.

Your presence here today in such large numbers is a clear manifestation of the importance you attach to private sector development in Africa. It has helped to reinforce our strong belief that the public-private sector dialogue that the African Union has embraced as an effective means of giving a strong voice to the private sector, is worth supporting. I am a strong believer in this dialogue and remain confident that its continuation and strengthening is necessary for the empowerment of the private.

Distinguished Guests

Ladies and Gentlemen

The world is moving at a fast pace and the capacity to compete has become the determining factor for success on the global stage. The globalization phenomenon has become too strong to ignore. It has brought both opportunities and challenges and the successful ones are those who do what it takes to reap the benefits while preparing themselves to face the challenges.

In view of these developments, Africa today is at a cross-road. At a time when many developing parts of the world are transforming into industrial and knowledge-based economies, Africa continues to be heavily reliant on the primary sector. As other developing regions account for huge shares of trade and foreign direct investment, thanks to their competitiveness, Africa continues to account for insignificant shares of world trade and foreign direct investment (FDI). The current unfavourable multilateral trading arrangements and the misguided perception of the continent as a volatile business destination are not helping matters either. Other challenges include the poor state of infrastructure, divergent investment policies and supply-side constraints. Despite efforts in many parts of the continent to fight poverty and bring about socio-economic development, the continent continues to make slow and limited progress.

The time to reverse all these trends is now. Africa's ongoing regional integration, as a stepping-stone for integration into the global economy, holds the key. The potential for enhanced economic growth, greater economies of scale due to expanded regional market, greater scope for increased investment and innovation, and insulation against the vagaries of globalization, all of which serve as impetus for integration, are clear. The experience of other regions that have embraced regional integration as a route to accelerating development are a source of inspiration for Africa. We, as a continent, have no other choice but to integrate. The acceleration of the integration process must be given support by all stakeholders. The private sector, in particular, has a key role to play in this respect.

It is now universally agreed that business is the cornerstone of growth and development. The public sector has the key responsibility of creating the enabling environment for business to prosper. The private sector, on its part, must be prepared to face the challenges of today's stiff global competition by strengthening capacity, embracing innovation, and working hand in hand with

governments to invest in areas that are critical for economic growth and sustainable development. In this process, in as much as the profit motive is a key goal, corporate social responsibility and good business ethics must not be lost sight of.

The potential for the private sector to bring about progress on the Continent is tremendous. Participation in the areas of infrastructure development can make trade more competitive. Investing in education and health can bring about long-term competitive advantages for African economies. The threat of climate change can be brought under control if business embraces social responsibility, for example, through the use of clean energy sources, thereby creating a safer world for future generations. The list goes on.

The choice of the theme of this Forum, *“Africa’s Industrial Drive: The Private Sector and Corporate Citizenship”* is a clear recognition of the importance we attach to the private sector in shaping the future of the African continent. Africa must begin to put more emphasis on value addition and move away from total dependence on the export of raw materials. This, in my view, is the only means of dealing with economic instability. It is an effective means of placing African economies on sound footing, and hence, the little gains that have been made across the continent can be consolidated on a long-term basis. I, therefore, see this theme as very timely, and look forward to your recommendations. You will agree with me that the achievement of this industrial dream will be unthinkable in the absence of a vibrant African private sector. This is a daunting task, but with determination, we can do it.

In order to have the capacity to do the aforementioned, the public sector must provide the requisite support through business friendly legislation, tackling the problems of corruption, reducing bureaucracy in public administration, better macroeconomic management and enhancing transparency and predictability for business. Efforts must be geared towards improving the negative image of Africa

as an unfriendly environment for doing business. There is strong need to address issues such as the period it takes to register a business, tariff and non-tariff barriers and poor governance. An improvement in all these areas will go a long way in creating a favourable business climate in Africa. Ongoing reform efforts on the continent are very encouraging in this regard. Such efforts must continue to be supported.

At the level of the African Union, we are undertaking a number of initiatives all of which, either directly or indirectly, will impact positively on the private sector. A study to elaborate a roadmap for the development of micro-finance on the continent is nearing completion; preparations are under way for the commencement of a study on the harmonization of investment policies across the continent; the harmonization of business laws across the continent is being considered; the development of a continental business directory is planned for 2008; plans are underway to establish an African Investment Bank to finance regional infrastructure projects as well as private sector activities that cut across boundaries; a Pan-African Infrastructure Fund was launched in July 2007; and the engagement of the private sector in fora such as this one, continues to serve as valuable means of informed policy decisions. All these are in recognition of the key role of the private sector in bringing about the much needed progress and development of the continent.

The African Union will continue to engage the private sector in this very useful dialogue and will continue to play its advocacy role, through the various organs of the African Union, to ensure that Africa's private sector is empowered. This, I believe, is the most effective means of making the continent more competitive at the global stage. Once again, I thank you for attending the Forum and wish you fruitful and successful deliberations.

I thank you all for your kind attention.

