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**SPEAKING NOTES**

 **FOR**

**HIS EXCELLENCY WAMKELE MENE**

**SECRETARY-GENERAL, AfCFTA SECRETARIAT**

**ON OCCASION OF THE AFRICAN PRIVATE SECTOR DIALOGUE ON THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)**

***“Own and Drive the AfCFTA”***

**HELD IN NAIROBI KENYA**

**ON THE 29 MAY,2023**

* H.E.Dr. William Ruto President of the Republic of Kenya
* H.E. Mr. Azali Assoumani, President of the Union of Comoros and Chairperson of the AU Assembly of Heads of States and Government
* H.E. Mr. Issoufou Mahamoudou, Champion of the AfCFTA and Former President of the Republic of Niger.
* Hon. Mr. Moses Kuria HSC, Cabinet Secretary Ministry of Investment Trade and Industry
* Hon. Mr. Yves Fernand Manfoumbi, Minister of Trade and Industry, Republic of Gabon, and Chairman of the Council of Ministers of Trade, AfCFTA
* Hon. Chantal Nijimbere Minister of Trade Transport and Industry Burundi
* Distinguished Ladies and Gentlemen
	+ 1. Let me begin by expressing our deepest appreciation to His Excellency, President William Ruto under whose auspices these events are holding this event.
		2. The significant milestones achieved under the AfCFTA within a relatively short period of time is testament of the political will, power of cooperation and a shared vision of Africa’s political leadership: the desire of our leaders to move forward on the historic vision of achieving an integrated Africa, with the AfCFTA being an important first step.

***Excellencies***

* + 1. I am sure, we will all agree that up until now it has been the policymakers, governments, ministers and heads of state who have done the heavy lifting to ensure the success achieved thus far.
		2. The participation of the private sector has not been that intensive, but the important thing is that finally, led by heads of state, we now have an agreement which must be translated into action to actualise our ambition for an integrated continent.
		3. Today, we are at the business end of our economic integration.
		4. Trade under the AfCFTA is possible for 88.3% of tradable goods, as these already have agreed rules of origin in place. Negotiations are ongoing on the rules for more sensitive products, including clothing and textiles, automotives and sugar. Some customs unions (such as CEMAC, EAC, ECOWAS and SACU) and individual countries have submitted tariff offers that cover at least those goods where there are rules of origin in place.
		5. Since October last year, commercially meaningful trading in ‘Made-in-Africa’ products, across the continent’s regional economic communities (RECs), has started in earnest, under the Guided Trade Initiative. This is already yielding returns to small holder farmers, traders, and women.
		6. This is time for the private sector to join hands with governments in transforming Africa through, value-added manufacturing, innovation, and infrastructure development among others.
		7. It is therefore my pleasure, this afternoon, to speak on the topic: *“This is the time for the Private Sector to drive the AfCFTA*”.
		8. The private sector, in Africa is estimated to account for about 80% of total production, 67% of investment, 75% of credit and employs 90% of the working age population.
		9. Ultimately, it is the private sector in the continent that will drive intra-African trade. Governments will need to provide an enabling environment for the private sector to produce the goods and services that will be traded in the one Africa market.
		10. We need to tap into the vast manufacturing opportunities that persist in the various key sectors of our economies to place the continent on a path of long-term industrial development.
		11. A Study by McKinsey & Company and Brookings Institution, for example, estimates that annual spending by African consumers and businesses would reach $6.66 trillion by 2030, up from $4 trillion in 2015. This trend is spurring growing markets in a range of sectors where the continent has unmet needs.
		12. For the private sector in Africa to thrive, and take advantage of the huge opportunities the continent offers, governments must be intentional and deliberate about creating the right environment, using policy to ensure that the private sector is able to scale up investments and production to supply the AfCFTA market.
		13. This will require that African countries develop proactive national AfCFTA implementation strategies that will identify new opportunities for diversification and value chain development, current constraints and steps required to take full advantage of the African market, including the empowerment of women and young people.
		14. Similarly, the RECs may also adopt regional AfCFTA implementation strategies to ensure that the regions do not lose out in the AfCFTA and regional member states benefit from the larger continental market for goods and services. RECs can identify opportunities, gaps, and steps required to take full advantage of continental and global markets resulting from the AfCFTA, in line with the interests and aspirations of both the member states and the region.
		15. At the continental level, the protocols on goods and services, as well as the recently concluded protocols on investment, competition policy and intellectual and property rights will bolster the development of manufacturing in the continent, through the enhancement of the provision of efficient services.
		16. In a number of our economies, services, such as finance, insurance, business and transport and logistics, represent an increasing share of the total manufacturing cost of production. Thus, ensuring that manufacturing firms have access to cost-effective and efficient services inputs will have a decisive effect on the productivity and global competitiveness of the sector. We, therefore, have a great opportunity to support the continent’s economic transformation broadly and industrialisation in particular, by promoting linkages across the continent, in trade in services, which in turn will boost the manufacturing sector.
		17. Indeed, this is the time for Africa’s economic transformation and industrialisation. We need to transition from commodities to value addition including tradeable services, as well as embracing the rapidly evolving digital technologies, to accelerate economic growth, and create employment opportunities for the continent’s teeming youthful population.

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* + 1. To promote industrialisation and development of the private sector, the AfCFTA Secretariat, as many of you may know, has launched an inclusive Private Sector Engagement Plan, based on four initial priority value chains – agro-processing, automotives, pharmaceuticals, and transport and logistics. Estimates of the opportunities available under these value chains show that:
* The automotive industry in Africa is expected to grow to more than US$42 billion by 2027 due to increasing domestic demand, rising incomes and high projections for intra-African trade.
* Intra-African trade in agriculture is expected to increase by 574% by 2030 if tariffs are eliminated under the AfCFTA.
* The AfCFTA will help increase intra-African trade in pharmaceuticals, which is currently extremely low (only 3% of demand is met by intra-African trade), leading to more resilient health supply chains.
* With respect to transport and logistics, the AfCFTA is projected to increase intra-African trade demand by 28%, with demand for almost 2 million trucks, 100,000 rail wagons, 250 aircrafts and more than 100 vessels by 2030.
	+ 1. With this Plan, businesses are also in a better place to make sound decisions on where to invest to seize opportunities offered by the AfCFTA.
		2. I am pleased to share that implementation of the Plan is currently underway with notable progress.
		3. For the automotive value chain, we have mobilised US$1 billion support from the Afreximbank and developed an AfCFTA Autos Package. We have also launched an AfCFTA Automotive Strategy and established the Automotive Task Force. The next step is to operationalise the US$1billion fund in collaboration with the Afreximbank and AAAM.
		4. Under pharmaceuticals, we have developed a Framework for Action (FFA) – a continental strategy for vaccine manufacturing. We will continue to work with Africa CDC, AUDA-NEPAD, etc., for the development of the workplan to implement the FFA. Work is on-going to mobilise financial resources – from the Afreximbank, AfDB, BADEA, etc., for pharmaceutical investment projects in identified State Parties.
		5. With respect to the Agriculture and Agro-processing value chain, a multi-billion-dollar agriculture-industry project is currently underway in one of our State Parties, namely Zimbabwe. We are also negotiating a trade finance facility with the Afreximbank for the cocoa value chains development.
		6. For global businesses aiming to exploit opportunities in these four priority value chains, lessons can be drawn from the on-the-ground experience of companies including Agility Logistics, AFC, Coca-Cola, DP World, Menzies Aviation, Novartis, UBA, Volkswagen, and Yara.
		7. In a recent (January 2023) publication by the World Economic Forum (WEF), titled: AfCFTA: A New Era for Global Business and Investment in Africa, launched in collaboration with the AfCFTA Secretariat, three main strategies are revealed from these companies that have led to success in Africa and can provide invaluable lessons to companies planning to seize the opportunities opened up by the AfCFTA.
		8. The first strategy is to form local partnerships with governments, local institutions, universities and others to create regional hubs and host R&D at local universities.
		9. The second strategy is to leverage key trade accelerators such as investing in local infrastructure and logistics, with opportunities ranging from food storage to partnering with local organizations to move various parts of the value chain onto the continent.
		10. The third strategy is to form integrated ecosystems by developing end-to-end value chains around local resources, which de-risks projects and creates an environment where shared infrastructure can support multiple projects in different sectors.
		11. Meanwhile, we are also looking at other approaches to industrialisation in Africa, including the new approach to building special economic zones (SEZs). The aim is to ensure that the SEZs are compatible with the AfCFTA agreement.
		12. By providing an exceptional and conducive environment for industrial development, SEZs act as a catalyst to achieving the AfCFTA’s objective of promoting industrial development through diversification and value chain development, agricultural development and food security. The development of African SEZs therefore provides entry points for potential investors on the continent.

***Excellencies, Distinguished Guests***

* + 1. Undoubtedly, the AfCFTA will not achieve any success without the involvement of the private sector. It is, therefore, critical that they receive the necessary support in order for them to have a major transformational impact on the continent.
		2. I believe that each of our countries and communities has a unique set of endowments which, if unlocked, can lead to sustainable and shared growth for those communities and the countries at large.
		3. I am confident that this forum, by bringing together public and private sector representatives from across the continent and beyond, as well as strategic partners, can be a catalyst to unlock the potential of the AfCFTA, promote business and investments in Africa, and accelerate the implementation of the AfCFTA.
		4. African governments should, therefore, continue to improve the business and investment climate with the view of creating an enabling environment conducive to the private sector to contribute to inclusive and sustainable growth in Africa through industrialization, trade, and the creation of employment opportunities.
		5. The private sector, on its part, must better organise itself to engage in the AfCFTA negotiations and implementation process, particularly at the national levels. Businesses need to invest in sectors of interest that are strategic for Africa with potential for regional value chains.
		6. Governments, public officials, private sector, business communities, civil society, traditional authorities, the African diaspora, should continue to work together, to support the successful implementation of the AfCFTA.
		7. I will end by welcoming the Kenya private sector to participate in private sector platforms such as the AfCFTA Business Forum now rebranded as “Biashara Afrika” scheduled for next year. In addition I urge the private sector to participate in the Intra-Africa Trade Fair (IATF 2023) scheduled for November,2023 in Cairo, Egypt.

Thank you.