

# Trade in Africa

SPEECH BY **CHAIRPERSON** OF THE **AU-ECOSOCC** CLUSTER ON TRADE AND INDUSTRY, **GODFREY SELEMATSELA** AT THE **10TH INTERNATIONAL TURKISH - AFRICAN CONGRESS, DAKAR, SENEGAL, 19-21 NOVEMBER 2015.**

Director General of the Turkish - African Congress, TASAM Leadership, African Union Director, Executive Committee and Delegation, Different Organizations Present, All Protocol Observed ...and Ladies and Gentlemen;

I wish to extend my special greetings to you all.

It gives me great pleasure to address you today on behalf of the AU-ECOSOCC trade and industry cluster.

Ladies and gentlemen, this 10<sup>th</sup> International Turkish - Africa Congress comes at a very significant and relevant time, when South Africa is hosting the Mining Phakisa Operation to deliberate on strategic measures to revitalize the mining industry which is one of the most significant sectors when it comes to trade and investment in Africa.

Experience from other regions has shown and suggests that trade can be a key driver of a more inclusive economic growth and structural transformation necessary to deliver higher productivity jobs. In Africa, the creation of small, fragmented markets, with narrow production and export bases have posed profound challenges to achieving sustainable development. This fragmentation is clearly associated with the uneven distribution of natural resources, the absence of scale economies in the production and delivery of goods and services and the impact of scale on the costs of public goods.

Nonetheless, despite its marginalization in the global economy, I must say, Africa remains rich in natural resources such as gold, oil, gas, coal to mention a few, and this continues to form the basis for advancing economic growth and development. In this context, trade has indeed become an important aspect of the continuous transformation and development of the continent.

It is important to note these key words for purposes of this engagement namely: Turkey - Africa partnership, trade and investment, transportation and infrastructure development Having been an African based in the Southern Africa Sub-region, I intend to talk more about Trade and Investment Opportunities in Africa with much reference to the Southern Africa (SADC) experience.

Historically in the Southern African Development Community (SADC), there has been little intra-SADC trade with the volume of trade between members occurring at levels that are less than ideal or desired. To say the least, Intra-regional trade remains modest and iniquitous, with high transfer costs and manifold barriers.

Trade between countries in Southern Africa and of course across Africa, is typically hampered by supply and demand factors on the one hand (e.g. import quotas, anti-dumping regulations, countervailing duties, border tax adjustments and subsidies), and technical barriers to trade on the other (e.g. sanitary and phytosanitary measures, rules of origin, standards and qualifications) – all of which have been 'inherited as is' from the multilateral trading rules and are often not best suited to meet Africa's current capacities.

When it comes to multi-lateral trade, African countries have been actively participating in several rounds of trade negotiations and meetings since the inception of the WTO in 1995.

Nevertheless, the WTO controls 95 per cent of global trade flows, with no known member ever withdrawing its membership.

There is distinctively an increasing dissatisfaction with multilateral trading negotiations outcomes not only among developing countries, but also among popular people's organisations (both in the North and in the South). Mostly because the negotiations are dominated by a few nations (the G8) and characterised by; an ineffective and unfair voting (by consensus) system, an ineffective dispute settlement system, several reports of "*intimidation and pressure tactics*"; highly selective and exclusionary modes of negotiations (the 'green rooms'); lack of transparency, exclusion of non-state actors, and; considerable unequal negotiation competencies and capacities among member states.

Predictably, developing countries most of which are African, frequently receive least favourable outcomes from the negotiations (e.g. reduced market preferences and access, less policy space and flexibilities, bureaucratic and dictatorial aid regimes, unrealistic and deleterious tariff reduction commitments, exclusion of human rights and the undue influence of multinational corporations).

Africa must therefore consider undertaking a strategic, selective delinking from neoliberal globalization (as opposed to further deepening of integration within the existing iniquitous global system), and preparing for leveraged negotiated relinking in a restructured and transformed global production and distribution system; Africa must also then continue to demand for the inclusion of “*development issues*” within the bi-lateral and multi-lateral trade negotiations (i.e. implementation issues and the strengthening of special and differential treatment); One opportunity that African countries have which I would like to highlight is the domestic market. Hence African economies must strategically aim to produce to satisfy this domestic market first. The selection of commodities that each country would produce should be based on their varying comparative advantages. The aim of this strategy should be to improve intra-regional trade and substitute import commodities with those which can be produced regionally.

If the domestic market is an opportunity, then boarder, visa and passport issues must also be addressed to facilitate the free movement of all categories of persons within Africa for purposes of trade and investments among others.

In addition, Africa must protect its infant industry and the domestic market from external competition until this industry has matured and is able to compete with imports and foreign suppliers both outside the region and internationally. This strategy should also be complemented by national and regional export promotion strategies.

Let me touch on infrastructure as one critical aspect that would provide Africa with opportunities in the area of trade and investment.

I would say Intra-regional trade flows in Africa have been generally low compared with other regions, primarily because of poor infrastructure development, maintenance and connectivity. For instance a number of railways and roads often lead to marine ports rather than linking countries over land. Internal waterways like Zambezi River in the SADC region are insufficiently exploited and in most cases underdeveloped, making it difficult to conduct intra-regional business.

Hence regarding free movement of goods, services and persons, there is an urgent need for infrastructural development across Africa.

Looking at Africa's trade potential over the past years, it becomes evident that there has been a positive trend. To illustrate, exports to Asia have grown rapidly in the past 15 years and Asia's share of African exports continues to rise. Not only that, but the recent commodity boom, which after the global economic crisis, appeared to be regaining momentum particularly the emerging economies in the South, has offered our continent renewed opportunities for developmental prospects. Such prospects include continent-wide improvements in economic governance; macroeconomic policies, institution building and infrastructural upgrading that have gone hand in hand with widening peace and stability.

Furthermore, the growing interest by traditional development partners as well as increased trade and investment from new emerging economies in the South has also given impetus to economic growth and development in Africa.

Delegates to congress allow me to conclude by this abstract that I have read on the Turkey –Africa achievements and challenges which reads " I quote: from an abstract written by "UFUK Tepebas" Turkey is considered as an emerging economy in the global context and also a strategic partner for Africa in the regional context.

Turkey's political and economic relations with Africa have been marginal until 2005, but are rising fast and expected to grow together.

The success of turkey in Africa can be measured with traditional partnership summits, the new diplomatic missions high level visits rising trade and investment development assistance, transportation network especially in air services However the lack of coordination among the national actors in turkey sustainability question , poor knowledge about each other and mental distances are seen as the main challenges for both sites especially , universities and the media fail to make any tangible contribution to Turkey–Africa relations .for this reason , turkey needs to develop a co operation model among the national actors and should follow sustainable policies for real strategic partnership within the African continent'.

**I THANK YOU VERY MUCH FOR YOUR ATTENTION!**

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