
**SPEAKING NOTES
FOR
HIS EXCELLENCY WAMKELE MENE
SECRETARY-GENERAL, AfCFTA SECRETARIAT**

ON OCCASION OF THE SACU INVESTMENT ROUNDTABLE

THEME: "POSITIONING SACU AS AN INDUSTRIAL, INVESTMENT,
MANUFACTURING AND INNOVATION HUB FOR THE AFRICAN
CONTINENT AND BEYOND"

HYBRID EVENT

GABORONE INTERNATIONAL CONVENTION CENTRE GABORONE,
BOTSWANA

12TH APRIL, 2022

PROTOCOLS

- His Excellency Dr Mokgweetsi Eric Keabetswe Masisi - President of the Republic of Botswana and Chairperson of SACU Summit
- Honourable Mmusi Kgafela – Minister of Investment, Trade and Industry, Botswana and Chairperson of the SACU Ministers of Trade and Industry
- Honourable SACU Ministers of Trade and Finance
- Your Excellency Ms. Paulina Mbala Elago, Executive Secretary of SACU
- Your Excellency Dr Vera Songwe, Executive Secretary United Nations Economic Commission for Africa (UNECA)
- Chief Executive Officers of Development Finance Institutions
- Representatives of Regional Institutions
- SACU Senior Government officials
- Members of the Press
- Distinguished Guests, Ladies and Gentlemen

Good morning.

1. Let me first commend the Southern African Customs Union (SACU) for organising this 1st Investment Roundtable, and express my gratitude for the invitation to deliver a statement on this auspicious occasion.

2. It is gratifying to note that despite the challenges, exacerbated by the impact of the Covid-19 pandemic, SACU, the oldest functioning Customs Union in the world, dating back to 1910, is taking steps to further advance its regional integration and foster the economic development of its member states.
3. This investment Roundtable is, therefore, taking place at an important time.
4. SACU member states, as with countries around the world, are in the process of building back their economies following the severe economic impacts of the Covid-19 pandemic which struck two years ago.
5. As African countries build back, we must address key bottlenecks to trade, investment and industrialisation, by developing regional value chains, and digitally delivered services, leveraging the African Continental Free Trade Area (AfCFTA).
6. I am, therefore, pleased that this Roundtable provides an opportunity not only to discuss investment opportunities in the SACU region, but also to explore the vast economic potential of the AfCFTA.
7. And indeed, the AfCFTA will have an immense impact on African economies, on trade and investment.
8. The operationalisation of the AfCFTA in January 2021 has placed squarely into focus the need for a systematic approach and practical steps to scale up SACU's industrial base and to strategically position the member states to take full advantage of the opportunities offered by the AfCFTA.

9. Today SACU's refocused work programme prioritises industrialisation as its overarching objective to be attained through the development of regional value chains, investment attraction and export promotion, and financing for industrialisation, trade facilitation and logistics.
10. The sectors identified in SACU's programme including agro-processing, textiles and clothing, pharmaceuticals, cosmetics and essential oils, are some of the priority value chains we are also promoting at the continental level under the AfCFTA Private Sector Engagement Plan.

Excellencies, Distinguished Ladies and Gentlemen

11. In fact, key objectives of the AfCFTA include the promotion of industrial development and diversification, regional value chain and agricultural development.
12. Our focus is thus to develop and strengthen regional value chains to offer member states an opportunity to use regional advantages to boost competitiveness, diversify product supply, and export products with higher value added.
13. In this regard, we have, in collaboration with partners, developed a Private Sector Engagement Plan focused on the development of Africa regional value chains.
14. In partnership with the MasterCard Foundation, we have identified four initial priority sectors or value chains, namely agro-processing, automotive, pharmaceuticals, and transportation and logistics for quick wins, based on the potential for import substitution and existing production capabilities on the continent.

15. It is estimated that the designed interventions in these value-chains will add over US\$11 billion annually in production and over US\$5 billion annually in intra-Africa trade – more than double the current contribution of these value-chains to intra-Africa trade. This increase in production and trade could create over 700,000 jobs, 55% of which will be for women and youth.
16. Sectors identified for future interventions include horticulture, textiles, financial services, telecommunications, and Information Technology (IT).
17. A second initiative, in collaboration with the UNDP, culminated in the launch of the 2021 AfCFTA Futures Report titled: “Which Value Chains for a Made-in-Africa Revolution”. Under this initiative, 10 value chains have been identified as follows: automotives; leather and leather products, cocoa; soya; textiles and apparel; pharmaceuticals; vaccine manufacturing; lithium-ion batteries; mobile financial services; and cultural and creative industries.
18. The opportunities identified in these activities were based on the tariff and services offers that have been exchanged among AfCFTA State Parties, emphasizing the importance of evidence-based decisions to accompany Africa's new pathway towards structural transformation.
19. In all these activities, we have taken into consideration issues of inclusivity for women, youth, SMEs and environmental sustainability.
20. Since these initiatives map out concrete Regional Value Chains available under the AfCFTA, they are expected to lead to a plethora of opportunities and guide investors' thinking and actions going forward in all the State Parties.

21. With this, businesses and investors are in a better place to make sound decisions on where to invest to seize the AfCFTA opportunities.

Distinguished Ladies and Gentlemen

22. The AfCFTA offers good opportunities for businesses in SACU, as it would allow SACU member states to access the continental market with 1.3 billion people and a combined GDP of \$3.4 trillion.

23. SACU's re-focused industrialisation strategy, leveraging regional value chains to strengthen its productive capacity and position itself as an industrial and manufacturing hub to take advantage of the opportunities presented by the AfCFTA, is, therefore, in the right direction.

24. Obviously, while not all the countries have a sufficiently developed manufacturing base, by collaborating with those that do, lesser developed economies will begin moving up the value chain themselves.

25. I must say that interestingly, a widely cited example of the case and benefits of regional value chains is from the SACU region: before exporting cars, large automobile manufacturers in South Africa source inputs, including leather for seats from Botswana and fabrics from Lesotho, under the SACU preferential trading regime. This example is what we want to replicate across various sectors and across regions in Africa.

26. To build effective regional value chains, intermediate goods may need to move across multiple countries for production and finished goods may be sold in many markets on the continent, costs can, therefore, build rapidly if transportation between countries is costly and inefficient due to poor transport infrastructure that causes delays.

27. In this regard, there is critical need to further improve the business environment, invest in infrastructure, transport corridors and logistics, human capital, and other necessary enablers.
28. Indeed, investment is key to the future we want. To bring more investments to SACU, and the other regions in Africa, we have to work towards addressing very important business environment issues and put in place new and innovative financial instruments that should help boost capital flows by making investments less risky and more attractive.
29. Furthermore, there is need to support the private sector through appropriate and effective financing instruments to capitalise on the opportunities to grow their businesses.
30. As a Secretariat, we are prioritising the roll-out of an AfCFTA SME Financing Facility to catalyse access to finance for private sector operatives, especially SME business activities. This is to ensure that the market access that the agreement creates is not taken advantage of only by the big corporations on the African continent, but that the SMEs, women and young Africans in trade, can also have the opportunity to grow their businesses in support of trading under the AfCFTA.
31. We also recognise that one of the challenges existing businesses, including in the SACU region, may face is new competition. The liberalisation of the African market may see competitors who could previously not compete (due to cost barriers associated with exporting to SACU), entering the market at low cost.
32. The Secretariat, in partnership with the Afreximbank, is, therefore, finalising arrangements for the operationalisation of

an AfCFTA Adjustment Facility. The Facility will provide a mechanism for Member States to access financial and technical resources to implement the Agreement and mitigate the short-term disruptions and associated costs.

33. In practical terms, it is going to be for a country experiencing challenges with its textiles and clothing sector, for example, to access the fund for retraining of workers or for recapitalization, procuring machinery for goods, or to increase competitiveness. That is essentially the purpose of the fund. It is, thus, one of the instruments aimed at ensuring win-win outcomes in our continental economic integration.
34. Another important initiative to facilitate intra-African trade is the development and commercial launch of the Pan-African Payments and Settlement System (PAPSS), one of the operational instruments of the AfCFTA, in January this year.
35. The PAPSS is a platform that will facilitate cross-border payments in local African currencies and is set to boost intra-African trade significantly by minimizing the use of hard currencies and making cross-border payments cheaper and seamless.
36. In the SACU, for example, four of the member states share a common monetary area, which encourages integration as the member states can produce goods and services and trade without concerns about currency convertibility.
37. Across the continent, however, there are currently 42 currencies and the PAPSS will significantly reduce the costs of currency convertibility and save the continent an estimated \$5 billion annually, which will benefit the numerous SMEs and young entrepreneurs across the continent.

38. Another initiative that will boost private sector activities in the AfCFTA member states is the establishment, in partnership with the Afreximbank, of a biennial Intra-African Trade Fair (IATF).
39. The IATF provides a unique opportunity and valuable platform to African businesses to access an integrated African market created under the AfCFTA. It is an ideal platform for the participants to enhance their visibility both locally and internationally, offering vast opportunities for SMEs. The third edition of IATF will be hosted by the Republic of Cote d'Ivoire in November 2023, following successful editions in Cairo, Egypt (2018), and Durban, South Africa (2021).
40. I encourage the private sector, especially SMEs, in the SACU region to take full advantage of the opportunities offered by the IATF.

Excellencies

41. As I come to the end of my address, let me reiterate that the AfCFTA offers limitless opportunities for businesses across Africa to take advantage and build a stronger Africa for the next generation.
42. The African business community should, therefore, position itself to take advantage of the huge opportunities made available.
43. I encourage SACU businesses to think beyond the limitations of their national or regional markets to explore the wider AfCFTA market, a market of over three-trillion US dollars. You should think bigger and bolder.
44. Let us use the AfCFTA as a development instrument, as its provisions extend beyond trade in goods and services to include investments, intellectual property, competition policy,

digital trade and women and youth in trade. It also provides a dispute settlement framework to deal with any disputes that may arise in the course of trading among the State Parties, particularly disputes arising from the instance or occurrence of unfair competition, dumping, among others.

45. We must use the AfCFTA to upscale our production, leverage our innovations, protect our knowledge and add value to the diversity of raw materials produced in this continent whether agricultural, forestry, fisheries, minerals, or livestock.
46. Through the AfCFTA, the opportunity to be able to export competitively and sustainably from African markets into other markets on the continent is really attractive.
47. As you well know, beef is by far Botswana's primary agricultural product for export. The cattle population currently is estimated at 2.1 million and the potential exists to expand the rawhide processing and tanning industries.
48. Meanwhile, the country's livestock production exceeds domestic needs, and has thus, exported range-fed beef to the European Union.
49. The AfCFTA Secretariat is, therefore, currently working to facilitate trade in beef (meat) from SACU, especially Botswana, to West Africa.
50. Indeed, we need to strengthen our regional and continental integration, develop value chains and create jobs for our teeming youthful population – if we are going to exploit the full potential of Africa's enormous resources.
51. This year, we expect commercially meaningful trading to start in earnest. I encourage SACU to continue to work

together, as a bloc, to support the effective implementation of the AfCFTA.

52. Further promoting SACU as a trading bloc will undoubtedly contribute to a deeper integration at the SADC level and hence to the continental integration agenda.

53. I am confident that this roundtable will help promote trade and investment among SACU countries and the wider African market.

Thank you.