

**AFRICAN EXPORT-IMPORT BANK
BANQUE AFRICAINE D'IMPORT-EXPORT
(AFREXIMBANK)**



Opening Statement

By

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**On the Occasion of the Advisory Group Seminar held under the Theme:
*Trade and Economic Transformation***

28 June, 2017

Kigali Convention Centre, Kigali, Rwanda

H.E. Mr. Claver Gatete, Minister of Finance and Economic Planning, Republic of Rwanda;
H.E. Chief Olusegun Obasanjo, Former President of the Federal Republic of Nigeria;
Your Excellencies, Ambassadors and Heads of Diplomatic Missions;
Honourable Dr Peter Larose, Minister of Finance of the Republic of Seychelles and Chairman of the
General Meeting of Shareholders;
Dr. Denny Kalyalya, Governor of the Central Bank of Zambia and Former Chairman of the
General Meeting of Shareholders;
Honourable Ministers;
Honourable Parliamentarians;
Governors of Central Banks;
Distinguished Representatives of Shareholders;
Members of the Board of Directors of the African Export-Import Bank;
Former Presidents of Afreximbank, Messrs. Christopher C. Edordu and Jean-Louis EKRA;
Executive Vice Presidents, Management and Staff of Afreximbank;
Ladies and Gentlemen of the Press;
Distinguished Ladies and Gentlemen:

Your Excellences, Distinguished Ladies and Gentlemen,

On behalf of the President, Board of Directors, Management and Staff of the African Export-Import Bank, it is an honor and privilege for me to welcome you to this year's Seminars associated with the 23rd Meeting of the Bank's Advisory Group on Trade Finance and Export Development being organized on the sidelines of the 24th Annual Meeting of Shareholders, holding in this beautiful edifice, the Kigali Convention Centre (KCC), here in Kigali, Rwanda—the land of a thousand hills.

We gather in this beautiful city, at a time when the continent is embarking on a path of structural transformation for sustained growth. Indeed, the choice of Rwanda as the host of this year's meetings is particularly apt, in part because of the growing relationship that exists between Afreximbank and Rwanda, but more importantly because Rwanda offers enormous inspiration to the continent. From the tragedy of about two decades ago, Rwanda has exemplified resilience and risen to the challenge of post-conflict reconstructing, creating the economic miracle that we see today. A country devastated by conflict and reduced to near ashes merely two decades ago, has emerged as one of the fastest growing economies in the region and a global leader in the area of governance. Over the last decade, the country has consistently been listed as one of the best performing countries in the World Bank Doing Business Indicators. Indeed, through its remarkable achievements, Rwanda exemplifies the adage -*"The world is moving so fast these days that the man who says it can't be done is generally interrupted by someone doing it."*

Our deepest appreciation goes to His Excellency, President Paul Kagame, President of the Republic of Rwanda, whose visionary leadership has put the country on a higher echelon and set it as an example for other countries to strive toward. Our sincerest gratitude to His Excellency, for availing the necessary support and resources to make it possible for us to assemble here this week.

Distinguished Ladies and Gentlemen,

Throughout history, the pivotal role played by trade in economic development has been evident. More recently, the rapid rise of East Asian economies once again demonstrated the critical role of globalization and openness to trade in economic development. In fact, the role of trade in economic growth is evidenced by the strength and level of correlation between openness and output expansion. The

impressive growth of global trade which more than tripled between 2001 and 2015, rising from US\$6 trillion to over US\$19 trillion, which contributed to over 50% of expansion of world output which grew by about 50 percent, from about US\$50 trillion to around US\$75 trillion. There is therefore no gainsaying of the fact that trade and openness are important drivers of global output and growth. These developments have, to varying extents, improved the economic fortunes of various regional groupings, including Africa. For instance, Africa's trade rose from about US\$230 billion in 2001 to about US\$1.2 trillion in 2015 while the economy also expanded considerably.

However, despite these developments, the continent continues to struggle to achieve inclusive growth and accelerated development making it a home to millions of the world's poorest. Africa remains a periphery player in global trade contributing below 3 percent to global trade—and trade has to a large extent failed to unlock development as in other regions, a contrast which has created the urgency to re-examine the continent's economic structure, trade arrangements and export composition and re-ignited the question of how trade can be used to support the transformation and sustainable development of Africa.

Distinguished Ladies and Gentlemen,

It is in the context of the foregoing and the Bank's Fifth Strategic Plan, dubbed IMPACT 202-Africa Transformed, that the overall theme for this year's event is "Trade and Economic Transformation". The end of the commodity super-cycle and declining demand for African commodities has once again raised the specter of Africa's vulnerability market vagaries and external shocks. It has at the same time ignited a renewed commitment to economic diversification and structural transformation. While many African countries have previously adopted growth

strategies—including industrialization-led growth strategies, import-substitution and export-led growth strategies—far too little progress has been made in weaning the continent off commodities trap or resource curse. However, this renewed focus on structural transformation and industrialization comes at a time when African economies have realized the importance of closer cooperation and regional integration as catalyst to transformation, especially in an increasingly uncertain world. Clearly, our focus on “Trade and Economic Transformation” is driven by the fact that in many respects, trade, especially thriving intra-regional trade offers tremendous opportunities for growth and sustainable development.

Over the years, some of the key challenges that have militated against progress towards economic development and structural transformation of African economies have included, among others, over-reliance on export of natural resources and primary commodities and the deficit of export diversification which limited the ability of countries to effectively develop regional value chains to enhance their integration into global value chains. This was compounded by the small size of economies and market fragmentation on the basis of low levels of integration; and low levels of intra-regional trade.

The resounding success achieved by some countries in Asia, especially China and Korea, and the critical role intra-regional trade played in their development, present us with valuable lessons to position intra-African trade as a key pillar for economic growth, sustainable development and set the continent on a path of structural transformation. Accordingly, connecting a host of small and disconnected markets in the region through deepening of intra-African trade and economic integration, essentially bringing together small economies and large ones within the region, has the potential to create an environment where firms in member countries gain access to

hitherto non-existent larger markets for large-scale production and exploitation of technical, as well as research and development economies, among others.

Distinguished Ladies and Gentlemen,

This year, the Government of Rwanda and the Bank have put together an impressive programme. During the course of this week, several activities and events will be taking place on the sidelines of the 24th Annual General Meeting of Shareholders of the African Export-Import Bank.

These events include today's Seminar, which is being held under the sub-theme: *"Trade as a catalyst for industrializing Africa."* The choice of sub-theme for today's Seminar reflects the recognition of the immense potential of trade in promoting industrialisation, economic growth and transformation of African economies. The focus on industrialization is borne out of the fact that in a dynamic global trade and economic environment, the contribution of manufactured goods and industrial output to global trade has consistently grown and accelerated dramatically and now contributes to over 70% of total trade.

This has set the world economy on a binary development course—either a country industrializes to reap the benefits of export diversification or it does not and perishes with sustained deterioration of commodities terms of trade which undermines long-run growth and integration into the global economy. While most countries in other regions of the world have embraced the first option, industrialization has remained elusive for many African countries. Today's discussions will broadly review, among others, the opportunities offered by trade for the continent to industrialize, and drawing on experience, discuss how trade could be optimally deployed to accelerate the process of industrialization and structural transformation. Discussions will explore

the role of trade as a catalyst for industrialization providing a historical perspective and reviewing the analytical foundations of the correlation between trade and industrial development.

Tomorrow's deliberations will be driven by the sub-theme "*Boosting intra-African trade for Regional Integration*", anchored on the established fact that strong intra-regional trade is associated with numerous benefits including economies of scale, access to larger regional markets, increased competitiveness and job creation and the development of regional value chains for integration into global value chains. Evidence suggests that dynamic intra-regional trade has the ability to absorb external shocks and insulate national economies from global market volatilities and recurrent global shocks. In this regard, African governments and private sector operators have embraced the urgency to accelerate efforts to expand intra-African trade especially in view of the recent weaknesses in commodity markets with protracted dampening effects on African economies.

Notwithstanding, the progress made, at just about 15%, intra-African trade is still at the periphery compared to other regions, most notably Europe (67%), Asia (52%) and North America (48%). Among the constraints, limited/lack of trade facilitation measures or policies constitutes one of the major setbacks to deeper regional integration and expansion of intra-African trade—reflected, among others by transit, documentation, port and customs delays; varying cross-border tariffs and standard measures and procedures due to poor implementation or absence of harmonized cross-border policies. Hence, the discussions under this sub-theme will focus on the role of trade in supporting regional integration and economic development.

Distinguished Ladies and Gentlemen,

On Friday, the Bank will hold the 23rd Session of its Advisory Group Meeting, under the theme *“Expanding African trade in a world of rising Protectionism”* which will conclude the series of events that precede the 24th Annual General Meeting of Shareholders. The theme of the third day is motivated by the re-emergence of rising nationalistic sentiments and creeping protectionism across the world in recent years which are posing a growing threat to globalization and international trade. Trade restrictive rhetoric and protectionism measures have been on the rise recently, most notably in the United States and Europe – regions which had previously been the leaders of free markets, and promoting the free movement of capital, goods and labour. In this regard, discussion will explore how to promote African trade in the face of these unfavorable developments.

Distinguished Ladies and Gentlemen

As we continue to stress, it is essential that as a continent we are resolute in addressing the challenges of industrialization and low-levels of intra-African trade to ensure that Africa is able to benefit from the opportunities trade provides to support economic growth and development. For us, at Afreximbank, we believe that *“There is only one thing that makes a dream impossible to achieve: the fear of failure”* and that *“You never change your life until you step out of your comfort zone; change begins at the end of your comfort zone.”*

To transform, Africa needs to move away from its comfort zone of reliance on natural resources and commodities and strive to be the next frontier for industrialization, taking advantage of resource endowments, comparative advantages, and regional trade opportunities. Our expectation is that this three-day event, graced by experts drawn from different backgrounds and regions, will broaden our

knowledge and understanding of the aforementioned issues and allow us to generate new ideas and embark on new approaches towards the economic growth and structural transformation of the African continent.

Indeed, Afreximbank itself is transforming. Those of you who are familiar with Afreximbank will have noticed something a little different about the look and feel of this year's AGM activities. The developments in technology and the advent of the digital age have meant that some elements of our overall brand have become somewhat dated and are no longer fully effective in meeting the Bank's branding objectives.

Consequently, we have decided to refresh our logo and brand by implementing certain tweaks to bring them more in line with today's digital environment. Our objective was to strengthen the brand and to better position the Bank as the leader in African trade matters, helping cement our role as the premier agent driving the growth of trade across the continent; promoting industrialization; transforming Africa's trade finance structure by facilitating intra-African trade; encouraging the transformation of the export sector; and introducing new and relevant initiatives.

Based on insights from a detailed and broad-based survey of key stakeholders, we have introduced a refreshed brand that:

- Retains our Bank's logo and colors, but puts them in a refreshed form that makes the colors more vibrant and appealing and more suitable for the digital age, in particular, enabling it to print well in the digital setting; and
- Updates the Bank's strapline from the former "The Trade Finance Bank for Africa" to "**Transforming Africa's Trade**". The new message is viewed as

more in line with the trade development initiatives the Bank has been, and is still, pursuing.

Distinguished Ladies and Gentlemen

In conclusion, permit me to, once again, thank our hosts, the Government and people of the Republic of Rwanda for putting together excellent arrangements to ensure the success of our programmes here in Kigali. The warm reception we have enjoyed since our arrival bears testimony to the business-friendly environment and hospitality of the people of Rwanda. We are also appreciative of the attendance of H. E. Hon. Claver Gatete, Minister of Finance and Economic Planning, Republic of Rwanda and his team for the enormous technical and material support they and their staff have provided in in the planning of the Programme. I also wish to place on record, Afreximbank's deep appreciation of the work of the local organizing committee for their excellent logistic arrangements for this event. Special thanks to you all for your hard work and unflinching support for the Bank's activities here in Kigali.

At this juncture, I would like to close by wishing us successful deliberations and a pleasant stay in Kigali. I would also like to invite you to view a short video on the Bank's refreshed logo and brand.

(The animated logo video will be played at this stage so that guests see the refreshed logo)

Thank you all for your attention.

Denys Denya
Executive Vice President, (FABS), Afreximbank
Kigali Convention Centre (KCC), Kigali, Rwanda, 28 June, 2017