

**COMMON MARKET FOR EASTERN AND
SOUTHERN AFRICA**



STATEMENT BY

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AT THE

**ANNUAL BRIEFING OF THE AFRICAN REGIONAL ECONOMIC COMMUNITIES
TO MEMBER STATES AND UNITED NATIONS ENTITIES**

ON

**ROLE OF AFRICAN REGIONAL AND SUB REGIONAL ORGANIZATIONS IN ACHIEVING
REGIONAL INTEGRATION: THE CONTINENTAL FREE TRADE AREA WITHIN THE CONTEXT
OF THE FIRST 10 YEAR IMPLEMENTATION PLAN OF AGENDA 2063**

12TH October 2015

Your Excellency, Mr Ban Ki Moon , Secretary General of the United Nations

Your Excellency, Mr Maged A. Abdelaziz, UN Under Secretary General and Special Adviser on to Africa

Your Excellency Dr Carlos Lopes, United Nations Under Secretary General and Executive Secretary of the United Nations Economic Commission to Africa

Your Excellency, Mr Vandi Chidi Minah, Permanent Representative of the Republic of Sierra Leone and Chair of the African Union Group for the Month October.

Your Excellency , Dr Anthony Maruping, Commissioner for Economic Affairs , African Union Commission

Your Excellency Dr Ibrahim Mayaki, Chief Executive Officer, NEPAD Planning Agency

Excellencies Ambassadors and Permanent Representatives to the United Nations

The Representative of the African Development Bank, Ms Moono Mutopola, Director for Regional Integration

Colleagues Chief Executive Officers of Regional Economic Communities

Colleagues Representing the Chief Executive Officers of Regional Economic Communities

Ladies and Gentlemen

At the very outset, on behalf of my Colleagues the Chief Executives of REC's, the AU Commission and indeed on my own behalf I would like to pay tribute to His Excellency, Mr Ban Ki Moon , Secretary General of the United Nations for his personal commitment to the social and economic transformation of the african continent in particular and to all developing countries in general. The adoption of Sustainable Development Goals by the recent United Nations General Assembly to replace the Millennium Development Goals is further testimony of the Secretary General's visionary leadership.

I would also like to take this opportunity, His Excellency, Mr Maged Abdelaziz, Special Adviser on Africa who has left no stone unturned in closely working with Regional Economic Communities in Africa under the auspices of our Continental body the African Union.

Excellencies

I would be remiss in my responsibility by not to acknowledge the single mindedness of purpose and visionary leadership of our illustrious Chairperson of the African Union Commission , Dr Nkozana Dlamini Zuma who has for the first time in the African Union history provided intellectual direction and practical content to the long term vision of the " Africa we Want" which is encapsulated in Agenda 2063.

Excellencies

Ladies and Gentlemen

It is thanks to the excellent institutional architecture and policy frame works for continental integration in Africa that are in place that I accepted as the Immediate past chairperson of the COMESA, EAC and SADC Tripartite Task Force to make a presentation to this august assembly on the " Role of African Regional and Sub Organizations in achieving Regional Integration : the Continental Free Trade Area within the context of the First 10 Year Implementation Plan of Agenda 2063" .

I would like to briefly put the current state of play of regional integration in Africa in a historical context. It is fact that since the early days of independence of African States that our leaders have not only been conscious, but alive to the fact that the fragmentation of nation States that was bequeathed by the colonization of Africa by different imperial powers would make sustainable economic development extremely difficult. Hence, the debate in the early 1960's on the strategy for integrating African economies which had two schools of thought. One school of thought was for the creation of a United States of Africa through a political and economic federation that would enable the pooling of resources and creation of a single market. The other school of thought favored a gradual approach to economic integration on the basis of the establishment of sub regional economic communities.

I need not go into the merits and demerits of the debate , suffice that the gradualist school for integrating the fragmented markets in Africa won the day. Since 1980 through the Lagos Plan of Action and the Final Act of Lagos and later on the Abuja Treaty of the 1992 African countries under the auspices of the OAU and AU respectively have used sub regional economic communities as vehicles for the realization of continental socio economic integration.

Excellencies

Ladies and Gentlemen

Moving fast forward, the question to be asked is what have been the results from this gradualist approach to continental integration? My simple answer is that a lot has been achieved, although much more should have been achieved had the powerful global economic institutions led by the Bretton Woods Institutions been supportive of regional economic integration. The efforts by african countries to realize regional economic integration through the Lagos Plan of Action and the Abuja Treaty were effectively stymied by the neo liberal economic policies of the Bretton Woods institutions who explicitly stated that regional economic integration was a second best solution according to their economic theory. Hence, the debate in the 1980's when the structural adjustment polices of the IMF became the standard prescription for economies in Africa in particular and other developing countries in general. It is worth observing that these economies in

Africa had fundamentally no structures to adjust given that they were vertically integrated into the global economies on the basis of specialization as primary commodity producers. It will be recalled that the United Nations Economic Commission for Africa (UNECA) under the leadership of Professor Adebayo Adedeji , countered the then conventional wisdom championed by the Bretton Woods Institutions by producing the " Alternative to Structural Adjustment " .

I invite this august assembly to review this pragmatic document the " Alternative to Structural Adjustment " as its philosophical and ideological approach resembles the programs that are being espoused today through poverty reduction strategies to mention but a few. In a nutshell, the Alternative to Structural Adjustment programs reiterated the developmental approach to regional integration that is enshrined in Agenda 2063 of the " Africa we Want" as opposed to the " Africa they want " which wreaked havoc to African economies through neo liberal economic policies .

Excellencies

Ladies and Gentlemen

I am happy to note and commend the leadership of the United Nations Economic Commission for Africa (UNECA) ,the United Nations Industrial Organization (UNIDO) and the African Development Bank(AfDB) for putting the industrialization of the African continent on the front burner. This time around we shall succeed in that unlike in the past, there is consensus that industrialization of the continent supported by the enablers, such as, infrastructure , human capacity building , robust institutions and appropriate policy frame works constitutes the basis for Africa to become to key driver in global economic prosperity in the new millennium .

Ladies and Gentlemen

It is against this background that the sub regional economic communities that are a subset of the African Union and delivery vehicles for Agenda 2063 are playing a critical and catalytic role in the implementation of the First 10 years of Agenda 2063. Without exception all sub regional economic communities in Africa are implementing programs for developmental integration.

Developmental integration is holistic in that as opposed to the classical linear economic approach of integration which is based on free trade it places priority to the development of support institutions for regional integration and productive capacities which are a sine quo non for the structural transformation and modernization of African economies .Developmental integration also recognizes the fact that without peace and stability in Africa , all efforts towards achieving the noble objectives of Agenda 2063 will remain a mirage . Hence, the importance of the African Union with the support of sub regional economic communities and the International Community through

the United Nations to up the ante on addressing the causes of Intra State and Inter State conflicts which if left unchecked will defer the dream of realizing the targets in Agenda 2063. The good news is that the African Union for the first time has set a target for silencing the guns by 2020 which is achievable on the basis of the programs in place for silencing the guns. This will prove yet again the adage that it "looks impossible until it is done ".

Excellencies

Ladies and Gentlemen

I am encouraged by the progress made by different sub regional economic communities in Africa in that they have made substantial progress in integration the different sub regional markets. For Example , in West Africa , the Economic Community of West African States (ECOWAS) has established a Free Trade Area with a Customs Union and in the Eastern and Southern Africa region which includes countries in North Africa , the Common Market for Eastern and Southern Africa (COMESA) , the East African Community (EAC) and the Southern African Development Community (SADC) launched on 10 th June,2015 in Sharma El Sheikh , Egypt , the COMESA , EAC and SADC Tripartite Free Trade Area . The COMESA, EAC and SADC Tripartite integration is based on a developmental integration model with the following pillars being implemented simultaneously: Market Integration, Infrastructure Development and Industrial Development with a parallel track on services and free movement of people.

The COMESA , EAC and SADC Tripartite Free Trade Area comprising 26 States (almost half the membership of the AU) has a combined population and gross domestic product of 625 million people and 1.3 Trillion United States Dollars respectively . The Tripartite FTA provides a large market for both cross border investors within the Tripartite countries and foreign direct investments .An interesting feature of cross border investments within the COMESA, EAC and SADC Tripartite region is that the investments are in manufacturing and services which is generally the opposite of foreign direct investments that have hitherto been directed into exploiting natural resources which are in turn exported with little beneficiation and value addition .These investments in natural resources with no benefaction and value addition have created enclave economies with limited backwards and forward linkages.

The COMESA , EAC and SADC Tripartite Free Trade is directly contributing to the realization of the Continental Free Trade Area (CFTA) under the African Union which is scheduled for implementation in 2017. It is worth noting that the African Union Heads of State and Government have explicitly recognized that the Tripartite FTA will contribute to realization of the CFTA.

Excellencies

Ladies and Gentlemen

Taking into account that the sub regional economic communities are the implementing and delivery vehicles for the AU Agenda 2063 ,the pragmatic approach which has been accepted in principle by the African Union would be to build on what the different sub regional economic communities have achieved .In this regard , it would make good politics and economics for the COMESA , EAC and ECOWAS sub regions to work out ways and means of integrating their respective FTA's to fast track the realization of the CFTA in the First 10 Years.

The following statistics make a compelling case for this pragmatic approach. The combination of the COMESA, EAC and SADC Tripartite region with the ECOWAS region as a first step towards the AU CFTA would create a huge market with a combined population of 970 million and a Gross Domestic Product of 2.1 Trillion United States Dollars. This accounts for 88 and 93 percent of Africa's population and gross domestic product respectively. The integration of the two markets is further enhanced by the fact that the trade between the Tripartite and ECOWAS region is dominated by intermediate and manufactured products.

The potential for further growth is to be found in value added agricultural products ,such as , tea, coffee and cocoa which are currently being traded through third countries outside Africa after value addition is done and fetches prices that are approximately six times the export by the region of unprocessed exports of agricultural commodities. The regional development banks led by the African Development Bank and export credit agencies, such as AFRI EXIMBANK are ideally placed to support this model of developmental integration. This is in addition to the substantial financing for infrastructure, energy and agriculture that these institutions are providing to regional member States in Africa.

Excellencies

Ladies and Gentlemen

The African Union Agenda 2063 provides a pragmatic policy frame work for the fast tracking of regional and sub-regional economic integration in Africa. The role of the international community, particularly under the United Nations should be to mobilize international support to the programs of the African Union .This would mark a departure from past experience whereby the support by the international community to Africa's development was based on what the powerful multilateral financial and development institutions thought was good for Africa.

I am quite certain that the United Nations under the leadership of His Excellency Mr Ban Ki Moon will leave to his promise and that the globally accepted Sustainable Development Goals will be

mainstreamed into the First 10 year program of Agenda 2063. My confidence is borne by the fact that in the run up to his election to the post of United Nations Secretary General I listened with keen interest to His Excellency when in Banjul, Gambia he outlined his vision to the AU Executive Council of Ministers for Africa in particular and the United Nations in general. As I stand in front of this august assembly, I wish to categorical state that the Secretary General has indeed delivered and that the challenge is on each and every one of us to continue to challenge the status quo by advancing innovative ideas and programs that will enable Africa to claim the twenty first century as Africa's century.

As I close my remarks ,the narrative of "Africa Rising " is true to the extent that we are witnessing a confident Africa that has come up with its own development paradigm and priorities as can be seen with AU countries through innovative financing infrastructure and energy projects from their own resources . The support of the international community has never been as urgent and relevant as now if Africa is not to continue as was famously described by one leaders from the Organization for Economic Development(OECD) that "Africa was a scar on the conscience of the World"

I thank you for your kind attention and look forward to a productive and results oriented week as we collectively seek for partnerships on a win - win basis.