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**Commissioner Anthony Maruping stresses on need for Africa to strengthen policies and regional integration of its markets to improve investments**



**Dakar, Senegal 26 March 2017** – Africa wants to create one of the most attractive economic zones through a homogenised customs union and economic community but regulation and weak integration hinder investment opportunities.



“Africa needs more investments that ensure effective competitive policies,” stated Anthony Mothae Maruping, Commissioner for Economic Affairs at the African Union (AU) on Sunday 26 March 2017 in Dakar , Senegal during the African Development Week at the session on *Aligning the Pan African Investment Code with the Investment Chapter of the Continental Free Trade Area (CFTA)*.

Stephen Karingji, Director of the Capacity Development Division at the Economic Commission for Africa (ECA) noted that Africa attracts only 5% of global foreign direct

investments as “it has not been able to harness its full investment potential because it has not been able to rid itself of the widespread perception that it is risky and an uncertain investment.”



To address this investment deficit, Mr. Karingi suggested Africa remove the bottlenecks impeding more investment flows and this is where the African Investment Code (PAIC) may have a role. The Continental Free Trade Area (CFTA) - Africa’s own mega-trade deal - represents an opportunity for the continent to have “free movements of goods, services, people and capital.”

The CFTA can also counter the disadvantages of Bilateral Investment Treaties and Double Taxation Treaties as these tend to favour foreign investors and endow them with greater privileges in

investment and profit repatriation, at the cost of national governments’ ability to regulate.

“Investments are like a pendulum – on one hand we want to attract investment and on the other hand we are told an open door policy will bring us to the Promised Land,” said Professor Melaku Desta of Economic Commission for Africa. He recommended the need for systematic regulation coherence in the continent to counter the problems that can arise from having a plethora of disjointed investment agreements.

Treasure Maphanga, Director of the Department of Trade and Industry at the African Union Commission remarked that “a valuable investment agreement needs to address the reality that Africa has to transform; address small-medium enterprises; promote intra-African trade and attract investments that work for our youth.” She noted the rise of investment in finance, transport and minerals but that beneficiation is still lacking.

Mrs. Maphanga called for “investment treaties to be clearer, harmonised and address the issue of fragmented markets.”

Mr. Karingi noted that the Pan-African Investment Code (PAIC) can incorporate best practices as a framework for cooperation at regional and continental levels to help the continent “shift the perception on investment” by seeing the “benefits of interconnectedness, value addition and job creation opportunities.” Free trade between African countries is necessary, if the continent is to benefit from investments.

The PAIC puts a vision, proposes an answer to reform and brings clearance and predictability so Africa can attract more investments according to Professor Mkane Mbengue of the University of Geneva. The Code is innovative in that it also proposes

obligations for investors and not only rights privileges for investors, as is the traditional norm.

Million Habte from the African Union explained that the PAIC offers an opportunity to “establish an appropriate business climate and how Africa can adopt this model to suit their respective local situations.”

Africa is vibrant, has a young population and is urbanising at a rapid rate. It is at the forefront of innovative mobile technology use from financial transactions such as transfers, payment of bills to information services such as weather information and rapid response.

Africa is pushing to diversify its economies beyond the traditional spheres of raw commodities and making inroads in services and manufacturing. It is still grappling with integration of its market, intra-country trade and infrastructural deficits.

However, it also offers exciting investment opportunities for the world. The Economic Commission for Africa and the African Union therefore recommend harmonisation of investment treaties that advance the industrialisation of the continent, offer decent jobs for its young people whilst also allowing national governments to shape beneficial regulations for their populations.

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