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**AFRICAN UNION COMMISSION**

**AT THE INVESTMENT SYMPOSIUM**

**KUWAIT CITY, STATE OF KUWAIT**

**18 NOVEMBER 2013**

**Excellency**

**Excellencies Members of Government of the State of Kuwait**

**Representatives of Regional and International Organizations**

**Members of the Private Sector**

**Distinguished Guests, Ladies and Gentlemen**

I wish to begin by expressing my gratitude to all of you for taking time off your busy schedules to participate in this significant Investment Symposium being held in this beautiful capital city of Kuwait, State of the Kuwait. Please accept our warm welcome. I also wish to thank the Government and the People of this nice and hospitable country of Kuwait for hosting this Symposium and making available all these excellent facilities before us. I also wish to join hands with you in thanking Direct Aid, the Kuwait Chamber of Commerce and Industry, for accepting to jointly host this symposium with the African Union Commission.

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**Distinguished Guests,**

**Ladies and Gentlemen**

Africa with the globe's third largest population (15% of the world population), is not only a significant reservoir of human resources ready for active engagement in the continental and global economy, but also a vast potential market for both global traders and investors. According to the McKinsey & Co Report, about half of Africa's one billion people will live in cities by 2030 from about 40 percent now and the continent's top 18 cities will have combined spending power of \$1.3 trillion.

The African continent is endowed with enormous natural and mineral resources. For instance, Africa accounts for 10 percent of global crude-oil reserves, 75 percent of Cobalt, 47 percent of Diamond, 80 percent of Platinum, 40 percent of Chrome, 38 percent of Uranium, 32 percent of Gold and 28 percent of Manganese. Moreover, the continent is rich with abundant flora and fauna, which renders it highly suitable for the promotion and development of eco-tourism. Thus, investment opportunities are abundant in the mining and tourism sectors. Africa is also largely agricultural based and provides opportunities for agro-processing and manufacturing.

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It is also the case that the rate of return on foreign investment is higher in Africa than in any other developing region, according to McKinsey and Co. Report. This means that Africa provides excellent investment opportunities for both the domestic and foreign investor.

For Africa to attract investment and record solid growth rates on a sustainable basis, appropriate macroeconomic policies are being formulated and implemented. There is also proper economic governance to ensure that macroeconomic fundamentals are right for economies to perform well.

Among other things, trade and financial markets have been liberalized in many African countries, the number of days it takes to process business permits and licenses have been reduced, a number of state-owned entities have been privatized to improve efficiency and competitiveness, and a number of countries are investing more in infrastructure development. Issues relating to controlling inflation, adopting appropriate exchange rate

regimes, setting optimal interest rates and management of other economic variables have resulted in the adoption of appropriate fiscal and monetary policies in many of the African countries. These measures have contributed to improved competitiveness, high economic growth rates, and increased job creation.

These reforms have, among others, resulted in increased volume of investment. According to UNCTAD “World Investment Report 2010”, Foreign Direct Investment into Africa rose to \$88 billion in 2010 from \$9 billion in 2000, resulting in an increase of foreign direct investment (FDI) stock in the region to \$ 511 billion. Further, the total value of the cross-border Merger & Acquisition sales in Africa reached its highest level: US\$21 billion in 2010 (US\$8 billion in 2007).

To pursue these impressive results, we need to build on infrastructure gaps which could enhance opportunities for investment, from the private sector and public-private partnerships. Private Sector is essential and could mobilize financial resources, help fill the gap towards sustainable infrastructure development and above all promote a more inclusive growth that can be translated into effective poverty reduction.

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The recent Arab-Africa Economic Forum which took place between 11-12 November 2013, in Kuwait has underscored the need for Africa and Arab countries to deepen practical cooperation in diverse areas (African cooperation in the field of development, Food Security, Investments, Trade Exchange and Non-Governmental Organizations) so as to push forward in an all-round way the new type of Africa Arab strategic partnership. I wish to make, in this connection, the following two proposals:

**First**, strengthen strategic coordination to uphold common interests. The two sides should maintain high-level exchanges, engage in closer political dialogue and consultations and step up coordination and cooperation on major global issues of mutual interest, with the view of increasing the voice and representation of developing countries in the international system and jointly build a more just and reasonable international political and economic order.

**Second**, enhance economic cooperation and trade to realize mutual benefit and win-win progress. The strong economic complementarity between Africa and Arab regions offers us broad prospects for mutually beneficial cooperation. We should work hard to increase investment flows, speedily reverse the investment downturn recently recorded. Africa and Arab countries will encourage more enterprises from both regions to invest in Africa and ask them to shoulder more social responsibilities and live in amity with the local people. We will combine economic cooperation, investment and trade with technology transfer and take active steps to launch technical and managerial personnel toward target beneficiaries.

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Until the advent of the global economic and financial crisis, Africa had been on a relatively impressive growth trajectory, recording an average growth rate of about 6% per annum. This was no surprise, in view of the efforts across the continent to bring about rapid socio-economic development through a series of reforms aimed at improving macroeconomic

management, strengthening institutions and improving the investment climate, among others. African economies have been generally resilient to the crisis, despite the negative effects of reduced demand for products and a decline in the level of remittances, just to mention a few.

Realizing this critical role of the private sector, the African Union (AU) Heads of State and Government at their Summit in January 2005 in Abuja, Nigeria, decided to institutionalize the African Union Private Sector Forum as an annual event to provide an interface between the African Union policy makers and private sector actors. Since taking this decision, five Forums have been organized in different African Union member states which have made important recommendations in support of private sector development in Africa for the consideration of AU Member States, private sector actors, and other key stakeholders.

In line with these recommendations, the AU Policy Organs have adopted instruments such as the African Union Private Sector Development Strategy and Action Plan, the African Union Micro-Finance Policy Framework and Action Plan, the African Union's Minimum Integration Programme, the African Agri-Business and Agro-Industries Development



Initiative (3ADI), PIDA (Programme on Infrastructure Development in Africa), the CAADP (Comprehensive African Agriculture Development Programme).

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It is renowned today that enterprise development, trade and investment play significant role in the creation of value chains and is vital in the attainment of economic growth, employment and poverty reduction in African countries.

More specifically, Small and Medium-Size Enterprises are the engine of the economic development through the development of the private sectors for Africa as well as for Arab. The Small and Medium-Scale Enterprises contribute to boost the exports, transfer of technology, generate employment, and increase regional trade as well as entrepreneurship.

It is therefore important to heap on our efforts in ensuring financing of small and medium-sized projects through supporting maneuver of national development banks and social funds in the Arab and African regions due to their role in reducing unemployment and providing new business opportunities in the area of private sector.

I need to reveal that at the African Union Commission level, we are also looking at developing strategic partnership between the African private sector and those of other regions including the Arab world.

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African Union Commission attaches great importance to boosting the Arab Africa strategic cooperation in all fields of common interests and we should therefore redouble our efforts to achieve the remaining objectives before our next symposium.

Successful development experiences over recent decades have consistently confirmed that good governance, sound economic environment and well-functioning physical and social infrastructure are essential ingredients for fostering private sector-led growth.

We welcome you and all those who wish to support the Africa's development priorities, such as development of infrastructure, policies aiming at the processing and adding value to raw materials, regional integration, capacity building and human resource development.

**Excellencies,**

**Ladies and Gentlemen,**

Let me seize this opportunity to invite all Africa-Arab Businessmen and Businesswomen to support a formation of a platform for meaningful engagement between the African and Arab business actors. I invite you all to support these efforts through modernizing the export oriented industrial supply systems and positively responding to the ever increasing global demand for food and other agricultural products owing, among others, to

urbanization, population growth and rising middle class in Africa as well as in the Arab world.

I wish you very fruitful deliberations and thank you for your kind attention.

I thank you.