

EAST AFRICAN COMMUNITY



REMARKS BY HON (DR.) PETER MUTUKU MATHUKI, EAC SECRETARY GENERAL DURING THE 14TH HIGH-LEVEL PRIVATE SECTOR FORUM

PRESIDENTIAL SESSION

12TH JULY 2023, KENYATTA INTERNATIONAL CONFERENCE CENTRE
(KICC) NAIROBI, KENYA

THEME: *Public - Private Sector Engagement for Inclusive Growth and Sustainable Development while Deepening Regional and Continental Trade and Investment towards Implementation of AfCFTA*

- Your Excellency, Hon. Dr. William Samoei Ruto, PhD. CGH, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces
- Your Excellency, Amb. Albert M. Muchanga, Commissioner for Economic Development, Trade, Tourism, Industry and Minerals (ETTİM), African Union Commission
- Hon. Moses Kuria, HSC, Cabinet Secretary, Ministry of Investments, Trade and Industry, Republic of Kenya

- **Hon. Rebecca Miano, MBS, Cabinet Secretary, Ministry of East African Community, Arid and Semi-Arid Lands (ASALs) and Regional Development, Republic of Kenya**
- **Excellencies Ambassadors**
- **Members of the Diplomatic Corps**
- **Captains of Industry**
- **Development Partners**
- **Invited Dignitaries**
- **Members of the Press**
- **All Protocols Observed.**

- I am honored to join you today at this African Union High-Level Private Sector Forum, hosted in the East African Community by the Republic of Kenya.
- I extend my appreciation to the Government of the Republic of Kenya for hosting this important event.
- I wish to commend Your Excellency, *President William Samoei Ruto*, for the outstanding leadership and commitment to creating an enabling environment for trade in the region and across the continent – in particular, Your Excellency's resounding call for a Pan-African Payments & Settlement System. *Hongera Sana!*

Excellencies, Captains of Industry,

- Over the past two days, delegates from both the Public and Private Sectors delved into various critical areas, including finance, digital trade, infrastructure, value chains, climate change, and the empowerment of youth and women in business.
- These sectors play a pivotal role in Africa's economic recovery and development, given their comparative and competitive advantages, despite the existing supply constraints.

- Intra-Africa trade remains low, with over 80% of our trade still conducted with the rest of the world. This persistent trend leads to a continuous export of jobs. The East African Community (EAC) exports between 500,000 and 700,000 jobs annually by importing what could be domestically produced.
- Africa must strive to diversify its economies beyond the natural resource sectors. By implementing policies that focus on diversification of the manufacturing sector, and the promotion of Small and Medium Enterprises (SMEs), EAC aims to increase the manufacturing sector's contribution to GDP from the current 8.9% to 25% by 2032.
- Further, the Community seeks to raise the region's local value-added content of resource-based exports from the current 8.6% to 40%.

Excellencies, Captains of Industry,

- The Private Sector can play a vital role in promoting intra-African trade in four (4) key areas:
 1. **Services trade:** The services sector, representing over 60% of world GDP and more than 50% of employment worldwide, holds great potential for Africa's growth. In the EAC, services are the leading contributors to GDP.
 - The region has witnessed significant growth in services exports since the establishment of the EAC Common Market in 2010, and policy reforms have been implemented to boost regional cross-border investments in the financial sector. Such efforts have reduced barriers for service providers, enabling them to export their services more efficiently.
 - To unlock the full benefits of the dynamic and fast-growing services sector within the continent, there is a need for regulatory reforms to eliminate barriers faced by service providers and enhance the productive and export capacity of African services firms.
 2. **Digital trade:** There are an estimated 250 million small and medium-sized enterprises (SMEs) in Africa. By reducing the cost of cross-border transactions and making it easier for businesses to

reach new markets, digital trade will help to level the playing field for SMEs.

- The EAC has prioritized measures to promote digital trade by harmonizing payment systems, enhancing digital trade facilitation and logistics, and ensuring an enabling legal and regulatory environment. It is imperative that we seize these opportunities to harness the full benefits of the digital economy.
3. **Infrastructure:** Africa needs to invest USD 130-170 billion annually in infrastructure to bridge the current gaps. By mobilizing public and private sector resources, we can accelerate infrastructure development, enhance regional connectivity, and facilitate trade and investment across the continent and tap into the potential of our combined GDP of USD 3.4 trillion.
- I urge African governments to invest in infrastructure projects that will help to reduce the cost of doing business and connect businesses across the continent.
4. **Climate action and green transition:** Africa needs to close its climate finance gap by annually increasing private sector financing by 36% until 2030. This requires addressing both demand-side and supply-side barriers and developing innovative financing instruments. We must strengthen local content and value addition, build institutional capacity, and create regional value chains to fully realize Africa's natural endowments.

Your Excellency,

- As you are aware, the East African Community has made significant progress in recent years to promote regional integration and trade. The African Continental Free Trade Area (AfCFTA), which came into force in 2021, is the world's largest free trade area by population. It has the potential to boost intra-African trade by up to 50%.
- However, there are still many challenges that need to be addressed in order to fully realize the potential of the AfCFTA. One of the most

important challenges is to increase intra-African trade. Currently, only about 15% of Africa's trade is within the continent.

- Reducing tariffs and non-tariff barriers under the AfCFTA, coupled with improvements in trade infrastructure and financial development, will significantly boost intra-African trade in goods and services.
- Working together, Governments and the Private Sector can overcome the challenges that are holding back intra-African trade. Together, we can create a more prosperous future for Africa.

Excellencies, Captains of Industry,

As I Conclude,

- The outcomes of the Forum today from the previous two days will provide clear, actionable recommendations on how to fully capitalize on the opportunities for regional and continental economic growth.
- The EAC remains committed to creating a conducive business environment that supports intra-Africa trade. I wish to note that EAC was the first REC to publish Provisional Schedule of Tariff Concessions (Category A) at 90.1% of tariff lines to be liberalized under the AfCFTA.
- Further, EAC has published its provisional schedule of specific commitments on Trade in Services under the AfCFTA.
- I urge other African Countries to emulate EAC's steadfast progress and accelerate the publication of their commitments to unlock the full trading potential of the Continent.

Mungu Ibariki Kenya,

Mungu Ibariki Jumuiya ya Afrika Mashariki.,

Mungu Ibariki Afrika!

ASANTENI SANA! THANK YOU!