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Plenary on Item 6:
Economic development in Africa: Intra-African trade:
Unlocking Private Sector Dynamism

Speaker: South Africa

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**UNCTAD 60TH SESSION OF THE TRADE AND DEVELOPMENT
BOARD (TDB)**

**DRAFT SOUTH AFRICAN STATEMENT ON AGENDA ITEM 6:
ECONOMIC DEVELOPMENT IN AFRICA: INTRA-AFRICA TRADE:
UNLOCKING PRIVATE SECTOR DYNAMISM**

18 SEPTEMBER 2013

Mr President

South Africa aligns itself fully with the statements made by Ecuador on behalf of the G77 and China and by Ethiopia on behalf of the African Group.

My delegation would also like to thank the UNCTAD Secretariat for the preparation of the 2013 report on “Economic Development in Africa, on Intra-Africa Trade, Unlocking Private Sector Dynamism”. My delegation finds the Report useful, in that it highlights the range of challenges confronting the African continent, as it pursues the regional integration programme agreed to by African Trade Ministers in Addis Ababa last year.

African political leaders have reaffirmed their commitment to boost intra-Africa trade through various policy instruments. In this

regard, the January 2012 African Union Summit took a decision to promote intra-Africa trade in recognition of the potential benefits to the African private sector, which result from improved economies of scale, access to larger markets and elimination of intra-Africa trade barriers.

Mr President,

There may be several reasons for weak inter-regional trade and intra-trade performance in Africa. Firstly, supply-side constraints, such as poor infrastructure, the relative shortage of skilled labour, limited credit lines and high energy costs, are some of the factors that constrain the productive capacity of private companies in Africa. Secondly, evidence suggests that the cost of conducting business in Africa is a significant impediment to growth of intra-Africa trade, which requires urgent attention. Thirdly, there is also a need to improve trade facilitation initiatives, including regional road transport links and streamlining of customs procedures, to complement free trade agreements. Fourthly, limited investment in research and development has also hampered African companies' competitiveness.

The decline in the share of manufacturing in both intra-Africa trade and in trade with the rest of the world reflects significant de-industrialisation in a number of African economies. However, we note that AU Ministers of Trade have put in place various regional industrial policy plans, which we are confident should reverse this de-industrialisation.

In addition to internal challenges, a number of important external factors continue to impede intra-Africa trade. Globalisation and

trade liberalisation in Africa has intensified competition for local manufactures. Due to the high cost structure of production in a number of African countries, cheaper imports have displaced locally produced goods and services, contributing to de-industrialisation. Moreover, conditionalities imposed by trade agreements and WTO rules have constrained the policy space enabling intra-Africa trade to facilitate inter-regional trade.

Mr President

Addressing intra-Africa trade challenges requires both regional and continental solutions. At the regional level, African leaders have identified priority areas and developed common policy frameworks and programmes to drive growth and development and to further boost intra-regional trade. These include NEPAD programmes for which my delegation wishes to express appreciation to UNCTAD for its extensive support.

My delegation finds it useful that the report highlights the importance of alternative approaches to regional integration in Africa. In this connection, it introduces into the debate “developmental regionalism” as a proposed new approach to regional integration. This holistic approach to cooperation among countries in a broader range of areas than just trade and trade facilitation, including such key areas as:

- Investment;
- Research and development;
- Policies aimed at accelerating regional industrial development; and
- Regional infrastructure provision,

is broadly consistent with the decision of the AU Summit of January 2012, for an expedited programme of regional integration and regional industrial development, by way of the continental free trade area. My delegation concurs with the conclusion of the Report that Intra-African trade has enormous potential to create employment, catalyze investment and foster growth in Africa - provided that the appropriate conditions are created.

My delegation further welcomes the Report's findings on measures to promote domestic entrepreneurship and expand private sector productive capacity, in order to boost intra-African trade, including through building economic linkages among African economies in specific sectors and promoting much-needed increased complementarities in what can be produced and traded within Africa.

In conclusion, South Africa continues to appreciate very much the ongoing focus which UNCTAD places on Africa, including technical support through its research and analysis of economic challenges confronting the African continent. The focus of the current Report on developmental regionalism has provided a useful contribution in this regard.

I thank you