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Trade and Development Board, sixtieth session
Geneva, 16–27 September 2013

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

Speaker: African Group

Thursday, 19 September 2013

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AFRICAN GROUP GENEVA

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Statement by the Coordinator of the African Group
Delegation of the Federal Democratic Republic of **Ethiopia**
to the UN Office at Geneva, and other international organizations in Switzerland
at the 60th Session of the Trade and Development Board, UNCTAD
from 16 to 27 September 2013

Item 6 Economic development in Africa - to be delivered on 19 September 2013

Excellencies, Dr. Kituyi, Secretary-General of UNCTAD, Ladies and Gentlemen,

I have the honor to deliver this statement on behalf of the African Group. The Group associates itself with the statement presented by Distinguished Delegate of Ecuador on behalf of the G 77 and China.

I thank Dr. Kituyi for his comprehensive and thought provoking remarks.

The African Group commends the UNCTAD Secretariat for the high quality African Economic Report 2013 which focuses on titled "Intra African Trade Unlocking private sector dynamism. "The Group is also pleased to note that the topic of the Report follows on the decision of the African leaders at the Summit of the African Union in January 2012 to boost intra African trade and fast track the establishment of a continental free trade area. The Report is, therefore, a timely and an important contribution for policy makers and additional tool in supporting them to implement the decision of the African Union. We are also very pleased to learn that the specific focus of the Report was selected after consulting the African Union Commission and the UN Economic Commission for Africa with the objective of coordinating research outputs and avoiding unnecessary duplication of efforts.

Mr. President,

The African leaders, in their summit in January 2012, have demonstrated their commitment to establish a continental free trade area by 2017 by boosting intra Africa trade. In their decision, the leaders have recognized that the promotion of intra Africa trade is a fundamental factor for sustainable economic development, employment generation and effective and beneficial integration of Africa into the global economy. The Summit has also recognized that African regional economic communities, RECS, as pillars for establishing continental free trade area. The decision calls for the UN system to support the Action for the creation of Continental Free Trade Area. The African Group considers the African Economic Report 2013 as a response to this call of our African leaders. The main message of the Report which focuses on building the capacity of the private sector to increase intra African trade is an essential recommendation for realizing the continental free trade area.

The Reports rightly notes that the Africa has a high potential for intra Africa trade. Job creation, investment and growth could be the benefits from increased intra African trade. Though it has been growing recently and one should always note the informal trade, intra/Africa trade still remain very low. The average share of intraregional exports in total exports was 11 per cent in Africa, compared with 50 per cent in Asia and 70 per cent in Europe. African share to the world trade in terms of export is 2.8 per cent and 2.5 per cent in terms of import. These are very marginal numbers which must be changed.

Though eliminating trade barriers and trade agreement are important measures, these are not the only conditions to boost intra/Africa trade. It is important to have a strong private sector. The African private sector continues to face tremendous challenges. This in turn demands creating a conducive business environment. The private sector in Africa continue to face challenges related to high and rising informality, weak inter firm linkage and low level of export. The private sector has been a passive actor in intra African trade. The Report argues that for African countries to reap the development gains from intra African trade and regional integration, the African governments should put appropriate policies to build productive capacities and domestic entrepreneurship capacity. The policies should be targeted to addresses constrains such as poor competitiveness, deindustrialization and lack of action in implementing bilateral and regional agreements. The Report also proposes that developing and strengthening regional value chains to improve competitiveness and quality standards and broaden the manufacturing base of African economies. Development of regional production networks should be part of an overall national development plan.

Mr. President,

The Decision of the African leaders to promote continental and regional integration is not completely new in the development journey of Africa. There have been previous attempts with less implementation levels and therefore less fruitful. The Decision of the African Union Assembly could be considered as a renewal of existing commitments with the objective of reinvigorating the development path of Africa. The Ambitious and doable agenda of creating a continental free trade area by 2017 requires various kinds of support from the international development community. UNCTAD has been contributing to the process by hosting an African Trade Ministers meeting, conducting researches and producing research outputs including the 2013 Africa Report. We commend the UNCTAD Secretariat for its valuable contributions and cooperation with the African Union and regional economic communities. We strongly encourage UNCTAD to further strengthen its activities related to the realization of the implementation of the Action Plan for African Free Trade Area in close collaboration with national governments, regional and continental organizations mainly the African Union Commission.

The Group is grateful that UNCTAD has been providing trade related capacity building programs for many African governments. Such activities contribute to put the right policy frameworks to promote trade as an engine of poverty reduction and sustainable development. UNCTAD has also been supporting the development of the private sector mainly through it Entrepreneurship development. The African Group would like to see the intensification of such programs that enhance the capacity of both governments and the private sector. **We urge UNCTAD to support members of our Group in their negotiations of EPA with the objective of reaching at win-win outcomes.** We encourage our development partners to continue funding these activities while we appreciate for their financial support.

Thank you for your attention.