

**COMMON MARKET FOR EASTERN AND
SOUTHERN AFRICA (COMESA)**



DRAFT

STATEMENT

BY

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THE COMESA SECRETARY GENERAL

**AT THE 4TH MINISTERIAL COMMITTEE (VIRTUAL) MEETING ON
INDUSTRY**

**27 MAY 2021
LUSAKA, ZAMBIA.**

Our Chief Guest, Hon Christopher Yaluma, Minister of Commerce and Industry of Zambia

Honourable Ministers

Excellencies Ambassadors and High Commissioners

Development and Technical Partners

Private Sector and Captains of industry in the COMESA region

COMESA Institutions

Colleagues from the Secretariat

Members of the Print and Electronic Media

Invited Guests

Ladies and gentlemen

I want to begin by expressing my gratitude to each one of you for making time to be here for this 4th Meeting of the Ministerial Committee on Industry. Your meeting will be addressing the most critical issue that potentially underpins the transformation of our economies, and that is industrialization.

On your agenda, you will deliberate on and adopt among others the draft Implementation Strategy of the COMESA Local Content Policy Framework and the COMESA Framework of Managing Special Economic Zones and Industrial Parks. Further, the meeting is taking place when COVID 19 pandemic has affected industrial production by disrupting regional and global value chains.

In this regard, your Secretariat has put in place draft Guidelines for your consideration and adoption. The guidelines are intended to facilitate increased local industrial production of goods and services during and post COVID-19 pandemic in a sustainable and inclusive way.

Honourable Ministers

Distinguished Guests

The COMESA Industrialisation Policy and Strategy was developed to guide structural economic transformation of our region. Promotion of agriculture and value addition is key component to the success of industrialization of this region which mainly trades in agricultural primary commodities. I am pleased that this meeting has brought together Member States, Development Partners, Private Sector, COMESA Secretariat and its institutions among others, with the aim of building strategic partnerships that will address the industrial development gap by agreeing on sustainable strategies needed to transform the economies of our region.

As you may know, the vision for the implementation of the Third Industrial Development Decade for Africa (IDDA3) is to firmly anchor Africa on a path towards inclusive and sustainable industrial development. The necessary enabling framework conditions for this industrial transformation include the strengthening of key elements of industrial productive capacity. These include infrastructure, innovation and technology transfer, industrial financing, industrial knowledge and skills, and the support from public and private sector institutions that regulate and advocate industrial development.

The four guiding principles deemed critical to ensuring the successful implementation of IDDA 3 include:

- i. Government ownership and leadership of the initiative;
- ii. A strengthened enabling business environment;
- iii. Prioritized sectors with high potential for growth, and which can therefore meaningfully contribute to the reduction of poverty; and
- iv. Strong partnerships for financial and non-financial resource mobilization at the multilateral, regional and bilateral levels need to be built.

From the above, the role of each of us in achieving the goals of the COMESA Industrial Strategy and Action Plan, which you adopted and are putting in action are clearly defined.

**Honourable Ministers,
Distinguished Guests,**

COMESA Secretariat will continue to provide a platform for lobbying international technical and financial assistance to support Special Economic Zones (SEZs) development. The initiatives will include supporting learning events or study tours and profiling some SEZ projects that could serve as regional centres of excellence. Development partners such as Economic Commission for Africa (ECA), the World Bank and others could provide short to long term financing in terms of feasibility and diagnostic studies for particular SEZ projects of countries in demand, for making business case to prospective investors.

The Secretariat will also facilitate the development of regional strategies and frameworks for guiding countries in SEZ development, including on how to:

- i. enhance integration of MSMEs in SEZ Programmes;

- ii. effectively secure the role of private sector (domestic and especially foreign) investors into the SEZs;
- iii. identify needed policy, regulatory and institutional reforms to achieve robust SEZs;
- iv. leverage innovative financing mechanisms for SEZ development etc;
- v. promote development of border economic zones and facilitate the needed technical assistance for their development. This may include identifying regional frameworks for supporting such zones, and providing technical assistance on project preparation; and
- vi. identify regional value chains that promote integrated regional manufacturing based on comparative advantage pre, during and post COVID 19. This calls for sector-by-sector analysis both at national and regional levels to identify where integrated manufacturing can take place. Apart from boosting local production, this will spread employment regionally especially for women and youth, deepen regional integration and reduce poverty, among others. This will lead to establishment of common SEZs among Member States based on comparative advantage.

**Honourable Ministers,
Ladies and gentlemen,**

This meeting is taking place as we implement the African Continental Free Trade Area (AfCFTA) Agreement which became operational in January this year. In this respect, I want to commend our Heads of State for the political

will towards deepening regional trade integration. If successfully implemented, the continental free trade area will constitute the world's largest in terms of membership and will create a single market of 1.2 billion people with a combined GDP of more than \$3 trillion. It will provide wider and more affordable access to inputs and intermediate goods, as larger markets allow economies of scale and offer new business opportunities.

The enlarged regional market is a remarkable attraction to domestic and foreign investors. Moreover, Special Economic Zones (SEZs) can be used as platforms for regional and sub-regional markets and inputs supply. In doing so, the SEZs could be used to supply inputs to regional, continental and global value chains.

**Honourable Ministers,
Ladies and gentlemen,**

COVID-19 pandemic is posing unprecedented economic and human health impairment across COMESA Member States and across the world, notwithstanding the ongoing the current rollout of the vaccines. However, the pace has been less rapid in Africa than what was initially feared. In countries where health care infrastructure is weaker, the true intensity of outbreaks could be understated owing to low testing capabilities.

These outbreaks have led to a near-complete halt of international tourist arrivals. Exchange rates have been affected relative to pre-pandemic levels contributing to higher and above-target inflation in several economies. The pace of monetary policy easing slowed in the second half of last year. Containment measures have shaken the foundations of the three main pillars of the regional and global economy: demand, supply, and finance.

Honourable Ministers

Ladies and gentlemen

As a result of COVID 19 outlined above, COMESA Secretariat has developed draft guidelines to facilitate increased local industrial production of goods and services during and post COVID-19 pandemic in a sustainable and inclusive way. To this effect I appeal to our Member States to:

- Devise and apply appropriate monetary and fiscal measures including foreign exchange policies aimed at facilitating increased industrial production during and post COVID-19;
- Facilitate and encourage local production of essential goods and services including COVID-19 Personal Protective Equipment (PPE) and vaccines by private and public sectors within the region. This can be done by reshaping manufacturing and strengthening sector competitiveness through consolidation and innovation and tapping from the potential of women and youth;
- Identify regional value chains, formalize MSME, women and youth owned businesses that promote integrated regional manufacturing and joint industrial projects based on comparative advantage;
- Transform and enhance tourism and hospitality industry to operate under the new normal condition under COVID 19;
- Enhance digital transformation such as e-commerce and e-trade to reduce and avoid physical contacts during transaction within and

across Member States while at the same time cutting down on transaction costs.

As you may know, the new industrial revolution — also referred to as “Industry 4.0” — is expected to have a major effect on industries, economies and lifestyle patterns. It promises improved methods of production and business models through new technologies, including automation, which could accelerate the deployment of renewable energy in manufacturing, reduce carbon emissions, optimize energy use and enhance productivity and cost savings.

Our region should move in this direction, and make substantive investment in science, innovation and technology. This involves among others, addressing local needs, building strong institutions geared towards knowledge production and application, cultivating COMESA’s skills pool, developing an enabling policy environment and embracing, nurturing and harvesting regional diversity. Science and technology are cardinal to help spur industrial and agricultural productivity, ensure food security, control diseases, provide clean water and preserve the environment.

The above interventions are informed by the Implementation Strategy of the COMESA Local Content Policy Framework and the COMESA Framework of Managing Special Economic Zones and Industrial Parks that our experts deliberated during the last three days.

Honorable Ministers,

Distinguished Guests,

Ladies and Gentlemen.

In conclusion, I would like to stress that the challenges ahead are daunting, but with political, commitment, good leadership, strategic partnership between our governments, private sector, cooperating partners, COMESA Secretariat and COMESA institutions, our countries have what it takes to leapfrog into developed economies.

I thank you for your attention.