

SUMMARY OF DELIBERATIONS AT THE AFRICAN UNION BUSINESS SUMMIT 1 TO 3 JULY 2002 RIVERSIDE HOTEL, DURBAN

- It is essential for government to engage the private sector in dialogue because Africa's economic growth will be driven by the private sector
- Most of the world's trade is conducted between developed countries. If Africa wants to increase its share in world trade, business in Africa should talk to one another and develop collective clout to improve their bargaining position

Some economic features of NEPAD related to business

- It is an African owned and led development initiative
- It anchors the continent's development to the resources and resourcefulness of African people
- It is directed at accelerating and deepening regional and continental economic integration in Africa
- It aims to make African countries the preferred investment destination of local and foreign investors
- It aims to redefine the nature of the relationship Africa must have with the industrialised world
- It presents a comprehensive, holistic and integrated development programme for Africa

Market access in Africa

- NEPAD would greatly enhance Africa's negotiation position on international economic forums
- NEPAD would be able to fund and manage an African website with information on all African countries
- NEPAD attempts to address supply-side constraints
- NEPAD can create an export framework to influence governments and business decisions on the continent and share information and experiences

NEPAD and the WTO

The WTO attempts to arrive at a rules-based global trading system that treats all countries equally, irrespective of the level of development. It monitors the implementation of trade agreements, trade in good and services, the legal instruments, intellectual property rights and dispute settlements between members

WTO benefits for business

- Agreements are negotiated by governments, but with due consideration for the interest of business because it is business that conducts business and not governments
- Exporters and importers derive legal benefits from negotiated agreements
- WTO agreements would ensure predictable access to foreign markets
- WTO funds could be used to address some of the supply-side constraints that have a direct bearing on the economic performance of the private sector

The impact of the Doha agreement on business

Briefly, the intention of the Doha agreement is to launch a new multilateral round of agreements to establish a new multilateral declaration by 2005, especially for the following sectors: agriculture, services, intellectual property, anti-dumping practices and smuggling, trade and environment and dispute settlement. Market access opportunities under the Doha agreement includes:

- WTO intends to substantially improve market access to goods from developing countries to developed countries
- WTO intends to reduce export subsidies and to gradually phase them out
- WTO intends to substantially reduce trade distortions and help unlock business opportunities that will provide market access opportunities for the developing world

Africa needs the capacity to negotiate within the WTO. As a result there is a need to reinforce regional trading blocks to improve their capacity, both institutionally and in terms of human capacity to negotiate with other trading blocks and within the WTO.

Financial measures for facilitating business with Africa

- A coordinated effort should be made to establish financial credibility, and ensure the independence of foreign investment in a transparent and predictable manner
- Explicitly non-financial measures should be established to direct foreign investment with financial accountability
- Regulatory support should be used to devise appropriate foreign investment specifically for African conditions
- A NEPAD empowerment fund should be established from privatization proceeds and compulsory local savings
- A framework should be established within which public institutions can perform payment of local entrepreneurs
- There should be explicit NEPAD donor policies or priorities and transparent monitoring on trade, access and donor contributions. At the same time, national and donor budgets should be aligned
- Regional and capital markets should be stimulated to create self-reliance, and facilitate the creation of necessary pull factors
- A committee should be established to monitor NEPAD finance

Obstacles to doing business in Africa

- An African trade regime must be established that recognizes existing bilateral agreements in African countries and certain Western countries while creating a legal framework to permit activity within the framework of major trade agreements in a WTO compliant manner
- Governments should institutionalize the availability of affordability credit to stimulate economic activity, particularly among SMMES
- Governments should address issues related to lack of the free movements of goods and persons
- Governments should urgently priorities their strategic informal infrastructure in the various geographical regions in the short to medium term, and continent-wide over the long-term
- Governments should create quality adherence infrastructure for the entire continent and also encourage research and investment through financial incentives
- Governments should give education top priority as it is the solution to many of Africa's problems
- The African Union should lobby business to manage NEPAD and create an African business research institute headquartered in Africa
- The challenges of HIV/Aids, malaria and impure water should be addressed with proceeds from privatisation programmes

Addressing infrastructure development problems in Africa

- The African Union will collaborate with African institutions and African consultants to commission detailed studies on infrastructure on Africa and also create a database funded by the private sector and African governments
- The African Union and NEPAD should create a website with commercially relevant information. The private sector will provide the information.
- The African Union will facilitate the establishment of a private sector infrastructure forum, comprising African companies already active in the sector
- Initiatives should be launched to persuade Africans who have capital banked outside Africa to invest their money infrastructure development in Africa, through the provision of transparent and reliable guarantees from most governments
- African governments should utilise African consultants