

**Address by Hon. Dharambeer Gokhool, Minister of Industry,
Science and Research
On the occasion of the closing ceremony of the Business Forum
on Opportunities and Challenges for Trade and Investment for
Business People from the ESA and the EC
Meridien Hotel - 28 August 2009.**

Parliamentarians from ESA countries

Representatives of the European Union

**Businessmen from the EU, Eastern and Southern Africa and
Mauritius**

**Representatives of Investment and Trade promotion Agencies
and Chambers of Commerce and Industry**

Resource persons

Ladies and gentlemen,

A very good afternoon to all of you.

It gives me great pleasure to be in your midst for the closing ceremony of this important forum on ‘Opportunities and Challenges for Trade and Investment for Business People from the ESA and Europe’ organised in parallel to the Interim EPA signing ceremony. This forum, I am told, has brought together the private sector from the COMESA region, including Mauritius, and the European Union to explore business opportunities under the Interim EPA. I also understand the services of resource persons from leading agencies in the European Union and COMESA have been enlisted to

speak on specific themes of the forum. I have to commend the initiative of the Board of Investment for organising this forum.

I believe that this forum had three main objectives:

- first to share business intelligence;
- second to foster interaction among business operators and between business operators and policy makers; and
- last but not least, to network and establish contacts among business operators.

I have no doubt that it has provided a unique opportunity during two days for business operators to better understand each regional block, take cognisance of the trade and investment opportunities available under the Interim EPA, take stock of EU support programmes, look into some success stories in the ESA region and engage in networking.

The EU-a key partner

Ladies and Gentlemen

The EU remains a vital economic partner for developing countries of the Eastern and South African (ESA) region and indeed for Sub-Saharan Africa. As a major export destination for our products, an important source of foreign direct investment and a key development cooperation partner, the EU has over the years played a crucial role in the economic development of the countries of the region. The Yaounde Convention, the Lome Conventions, the Cotonu Agreement and now the Interim EPA Agreement do indicate the longstanding commitment of the EU to establish the contours of our

economic relations to support the development of the ACP countries. We have to be grateful to the EU for their assistance provided over the years.

However, we have to reckon that with globalisation and trade liberalisation, the architecture of the Cotonu Agreement was not compatible with the new trade rules established by the WTO, as it did not contain reciprocal trade preferences. In fact, it is to be recalled that some of the provisions namely, relating to banana and sugar were challenged by other countries. The EPA had to be configured, therefore, for ESA members to grant trade preferences to the EU. For the long term, providing preferences to the EU remains the greatest challenge for ESA members in view of the level of development of EU countries.

The EPA negotiations, we have to admit, had been arduous and protracted. But this is the case of most trade agreements. Balance of gains and losses and meeting the higher level of expectations among a large number of countries with diverse needs and at different level of development, both from the ESA and the EU side, is complex and time consuming. However, we need commitment and a fair dose of good will to make things happen. The Interim Agreement should give way to a full fledged agreement that would be a model for North- South Cooperation.

With 27 member countries, a population of 500 million and an aggregate GDP of 12,500 Billion Euro, the EU is the greatest economic block similar in size to the US. A market of this size just cannot be ignored. The Interim EPA Agreement is vital to our trade and economic relations. As you are aware, the Agreement provides tax free and duty free facilities to the EU

markets for our exports; eliminate residual tariffs; and offers more flexible and lenient rules of origin. On the development cooperation side, it provides assistance to upgrade our export capabilities to take advantage of market access to the EU. And finally, it provides a framework that instills predictability and certainty in ESA-EU economic relations and this is critical for business confidence.

Trade as an engine of growth

Ladies and Gentlemen

The pattern of trade between the ESA and EU indicate a narrow range of exports from the ESA, essentially comprising primary products and clothing. Given the volatility in the prices of primary products and fiercer competition in the export of clothing, the ESA suffers from fluctuation in export incomes, which in turn impact negatively on economic growth. There is need to expand the export basket through a more diversified range of products. ESA countries should, therefore, focus on adding value to the primary products they export and develop their capability in the production and export of manufactured products. Trade can be a powerful engine of growth.

Unfortunately, the previous agreements with the EU, has not contributed to the development of a strong and diversified industrial sector in the ESA countries or the ACP for that matter. Part of the problem lied on our economic system, where the pervasive role of the state, stifled private business initiatives. Today, invariably all countries recognise that the private sector is the engine of growth and are thus embarked in creating a conducive

business environment to promote the growth of business activities. Let me seize the opportunity to add here that Mauritius, after embarking on structural economic reform programme and business process reengineering has improved its rank in ease of doing business. The World Bank Doing Business Survey Report for last year ranked Mauritius 1st in Ease of Doing Business in Africa and 24th globally. The country has the ambition to graduate among the top ten soon.

Investment Opportunities

The region needs higher level of investment to create more employment opportunities, expand output of goods and services, increase exports and raise the level of income. Foreign Direct investment in this regard can bring in the much needed capital, technology and skills to the region. UNCTAD in a report has observed that most African countries have significantly improved their policy environment, bringing both greater economic stability and growth and much more liberal conditions for foreign investors. The profitability of foreign companies in Africa has been consistently higher than in most other regions of the world, reports the UNCTAD study. The same report has highlighted that the rate of return on foreign direct investment (FDI) in Africa has averaged 29 per cent, and since 1991 it has been higher than in all other regions, in many years by a factor of two. The potential for highly profitable foreign investment in Africa is enormous, but many investors remain unaware of the past record and current opportunities. The Investment Promotion Agencies of the region, both individually and collectively, have to take necessary actions to improve the visibility of the region as an attractive, profitable and safe investment destination. One has to

dispel the negative and stereotypical picture of the region which still prevails among large parts of the business community and the wider public abroad.

The business sector of both economic blocks has to optimise on the opportunities offered by the new Agreement. This 2-Day Business Forum, I am sure, has been very special, hectic and fruitful for the participants. I have no doubt that the participants have interacted, shared and learned a lot about the ESA, the EU and trade and investment opportunities and strategies to capitalise on benefits from Interim EPA. What was perhaps somewhat not clear in your mind before you came to the Business Forum has now been clarified. What you wanted to know with assurance on the ways to move forward in business has now been taken on board in your objectives. You have been able to exchange ideas and experiences and various opportunities are now open to you or your organisation. I know that businessmen take bold decisions on calculated risks. As a principle, the greater the risk the greater is the return. It is now up to you to strategise and make the right decision.

Conclusion

It is my plea that businesses take advantage of the facilities being provided, come up with new business ideas, develop strategic alliances with regional and international partners and simultaneously improve and innovate in the way businesses are carved out. I am confident that the business people who have come to Mauritius will have made fruitful contacts to push further the frontiers of development and emerge stronger despite the challenges that are

present and will always come. On this note, let me end by wishing all the businessmen success in their future endeavours.

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