

Keynote Address Delivered by the MEC for Economic Development, Hon. Parks Tau, at the Inaugural Local Government African Free Trade (AfCFTA) Dialogue, Sandton

16 March 2022

Programme Director,
The Collective SALGA Leadership,
Secretary-General of the African Continental Free Trade Area (AfCFTA),
Director of Afreximbank,
Representatives from Civil Society,
Distinguished Guests, and
Ladies and Gentlemen:

Allow me to firstly extend my gratitude to our gracious host, SALGA, for initiating this Dialogue intended to link and align the sphere of local government to the African Continental Free Trade Area (AfCFTA) Agreement.

The issues raised for discussion in this 2-day Dialogue are germane to all us gathered here from various sectors of society and representing diverse interests but, I believe, united in wishing to see the Free Trade Agreement being driven primarily from the local government sphere.

Since the implementation of the AfCFTA will take place at local government level, it is logical that municipalities are adequately capacitated and resourced to leverage the attendant opportunities from the Free Trade Agreement.

Since this Free Trade Agreement signifies a game-changer, its impact rests in the integration of Africa into a single continental market for trade and exchange of goods and services with an accompanying free movement of entrepreneurs and enterprises.

Programme Director,

As the Gauteng Provincial Government, the objectives and intended outputs from the Free Trade Agreement certainly find practical expression through the Growing Gauteng Together 2030 (GGT2030) plan of action.

This pragmatic provincial blueprint has specific action plans to expand intra-Africa trade, investment and commerce which includes in the main:

- expanding sub-national economic diplomacy,
- showcasing regional and continental partnerships based on our 10 high-growth sectors identified in the GGT2030,
- centering the GGT2030 around industrialisation initiatives as key enablers for shared growth and accelerated development, and

- assisting the province, country, region and continent to diversify its exports, accelerate growth and attract foreign direct investment (FDI).

Ladies and Gentlemen,

Equally, as the GPG, our policies and programmes are guided by the Gauteng Trade and Investment Strategy (GTIS) which seeks to enhance Gauteng as an “investment destination of choice”.

As you know, this ideal aspiration from the Trade and Investment Strategy has several pillars, including namely:

- the *Gauteng Export Promotion and Development Programme* that seeks to increase the market share of Gauteng exporters into Africa and globally,
- the *Investment Promotion and Facilitation Pillar* centred on the need for Gauteng to provide efficient investor servicing that supports modernisation and re-industrialisation of the Gauteng City-Region (GCR), and
- the *Business Retention and Aftercare Pillar* that seeks to ensure that investments and businesses established in the GCR are supported to continue to expand.

Programme Director,

Where do municipalities factor in the GGT2030 and the GTIS? Why are municipalities, and SALGA in general, indispensable partners in this strategic endeavour?

It is an accepted truism that municipalities are a critical component in the promotion and coordination of local economic development (LED). This is in addition to them discharging their normative functions of provision of basic service delivery and monitoring the regulatory framework.

Therefore, it is encouraging to learn that SALGA is committed to support and capacitate municipalities in reducing the cost and time of doing business for established and emerging entrepreneurs.

Linked to this, the envisaged role of SALGA, in facilitating trade and investment of the Free Trade Agreement, is patently clear. And linked to enforcing by-laws plus employing qualified personnel to advance LED, it is expected that municipalities should develop and enforce best practice standards and they should establish shared services on LED skills.

Ladies and Gentlemen,

Therefore, this Inaugural Dialogue to connect the mandate of SALGA and objectives of the AfCFTA, is welcomed by the Gauteng Provincial Government for several other reasons.

Firstly, the Free Trade Agreement is not only a flagship of the African Union’s Agenda 2063, but it is also a platform to attain a continent-wide inclusive and sustainable development.

Secondly and most importantly, the AfCFTA and its structural and institutional dependence on municipalities, does not hinge on tariff reductions but instead, it hinges on removal of non-tariff barriers (NTB). This is important if we are to increase, for example, inter- and intra-regional trade and commerce.

Thirdly, the Gauteng province as the unassailed economic engine of the country and for the continent, stands poised in leading and becoming a benchmark for alignment of the Free Trade Agreement with municipalities.

Fourthly, it is not inconceivable for the Gauteng City-Region working in partnership with SALGA, to continue serving as a major conduit for:

- industrial and infrastructure development in the region,
- to facilitate increased trade between the GCR and various markets in the continent,
- to leverage on already-existing networks and structures in order to expedite integrated economic growth, and
- to enable skills transfer, capacity building, technology transfer plus promotion of knowledge.

Programme Director,

As the Gauteng Department of Economic Development, we fully support this Inaugural Dialogue – to use municipalities to build bridges for the ratification and implementation of the African Free Trade Agreement – to address an indictful historical economic injustice.

Quite clearly, as the African continent we have to move beyond the so-called Dutch Disease syndrome which is associated with Africa's overdependence on her natural resource. As you would agree, this natural resource overdependence is a prohibitive condition that has to be reversed if we are going to be self-reliant and transcend our foreign debt indebtedness.

In this regard, municipalities are a critical component in capitalising and diversifying our manufacturing capacities and in our re-industrialisation that factors in a climate change sensibility and greater promotion of the green economy.

Ladies and Gentlemen,

For the Gauteng Provincial Government, working with our partners at SALGA, working with multilateral lending institutions and working with Afreximbank, it is feasible to employ special economic zones (SEZs) to be epicentres and catalysts for a successful African Free Trade Agreement.

For the Gauteng Provincial Government working with our partners, it is possible to provide innovative infrastructure financing instruments for municipalities that have to cope with increasing levels of urbanisation and migration.

This is stated in light of the unprecedented structural pressures and demands placed on municipalities as a result of the Covid-19 health and economic pandemic and the July civil unrest.

At the same time, we have to acknowledge that Covid-19 and the July civil unrest means we have to move with urgency in our deliberations and accelerate delivery of shared economic growth and fast-track investment opportunities especially for women, the youth and small- and medium enterprises.

In conclusion programme director, once again, allow me to commend our host, namely SALGA, for initiating this Dialogue intended to link and align the sphere of local government to the African Continental Free Trade Area (AfCFTA) Agreement.

As the Gauteng Department of Economic Development, we support fully this Inaugural Dialogue.

I wish you well in your deliberations for the next two days.

I thank you.